

Message

From: Ex. 6 - Administrator's Email
Sent: 8/2/2018 12:46:44 AM
To: Ross, David P [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=119cd8b52dd14305a84863124ad6d8a6-Ross, David]
CC: Jackson, Ryan [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=38bc8e18791a47d88a279db2fec8bd60-Jackson, Ry]
Subject: Re: Thank You

Thank you

Sent from my iPhone

On Aug 1, 2018, at 8:22 PM, Ross, David P <ross.davidp@epa.gov> wrote:

FYI. And nice job today.

Regards,

Dave

From: Ross, David P
Sent: Wednesday, August 1, 2018 8:20 PM
To: Campbell, Ann <Campbell.Ann@epa.gov>
Cc: Best-Wong, Benita <Best-Wong.Benita@epa.gov>; Forsgren, Lee <Forsgren.Lee@epa.gov>; Wildeman, Anna <wildeman.anna@epa.gov>
Subject: Thank You

Ann,

Acting Administrator Wheeler asked me to send along a special thank you to the OW teams who helped prepare the briefing materials for today's hearing. Thanks for coordinating the effort, and please pass this along to everyone who was involved. We appreciated the hard work and quick responses.

Regards,

Dave

David P. Ross
Assistant Administrator, Office of Water
U.S. Environmental Protection Agency
Office: (202) 564-5700
Ross.DavidP@epa.gov

Appointment

From: Dickerson, Aaron [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=D0440D9F06994021827E0D0119126799-DICKERSON,]

Sent: 8/2/2018 12:39:31 PM

To:

Ex. 6 - Administrator's Email

Subject: Ex. 6 / Personal Privacy

Start: 8/3/2018 4:00:00 AM

End: 8/4/2018 4:00:00 AM

Show Time As: Free

Message

From: Hewitt, James [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=41B19DD598D340BB8032923D902D4BD1-HEWITT, JAM]
Sent: 8/2/2018 9:22:53 PM
To:

Ex. 6 - Administrator's Email

CC: Konkus, John [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=555471b2baa6419e8e141696f4577062-Konkus, Joh]
Subject: Detroit Free Press: EPA chief: Obama fuel economy standards could cost \$500B

From your interview earlier today:

The Detroit Free Press

EPA chief: Obama fuel economy standards could cost \$500B

<https://www.freep.com/story/money/cars/2018/08/02/epa-california-fuel-standards/890111002/>

By Todd Spangler, 8/2/2018

The Trump administration official leading the effort to change — and possibly freeze — fuel economy standards says he isn't looking for a fight with California legal or otherwise but has an obligation to revisit Obama-era standards the data suggest cost money and lives.

In an interview with the Free Press on Thursday, acting EPA Administrator Andrew Wheeler said that data compiled by his agency suggest that the existing fuel economy standards could end up costing consumers some \$500 billion over the next half-century and result in 1,000 extra traffic deaths a year.

Meanwhile, he said, the data collected by the EPA and the National Highway Traffic Safety Administration (NHTSA) indicate that far stricter fuel standards put in place by then-President Barack Obama in 2012 — which would mandate average mile-per-gallon in the U.S. fleet of cars and trucks of 54.5 mpg. by the 2025 model year — would result in no more than stopping an increase of 3/1000th of a degree Celsius by the year 2100 in terms of climate change.

"I certainly hope there's a resolution," Wheeler said, referring to what is likely to be a protracted battle with California — and other states following their lead in attempting to retain their ability to set m.p.g. and emission standards tougher than those put in place by the federal government. "They haven't seen the underlying data yet."

Despite what Wheeler called the "rhetoric" from California officials about additional lawsuits, he said he met with Mary Nichols, chairwoman of the California Air Resources Board, two weeks ago and that she said she would be willing to sit down and discuss the Trump administration's proposal — and the data behind it — in the weeks to come to "see if we can come to some kind of an agreement."

For his part, Wheeler has continued to say that while the administration's "preferred alternative" is to freeze fuel standards after 2020 and get rid of the waiver that allows California and other states to set their own standards for vehicles — which effectively can control other states' standards since automakers would find it difficult if not impossible to make multiple sets of the same kind of car — the agencies are open-minded about receiving new data and analysis from states, automakers and other interested parties.

A final decision on what will happen to the fuel standards — which could affect Detroit's automakers as well as the products available to the American driving public and their cost — is expected this winter.

While Detroit's automakers and other car and truck manufacturers had chafed in recent years under the Obama-era standards put in place in 2012, they have generally been supportive of some kind of increase in m.p.g. targets, however,

while also looking for flexibility in the face of lower fuel prices that have led to increased sales of larger, less-fuel efficient vehicles.

Wheeler said if automakers have “better data and better analysis” to support some increase in fuel economy targets, he is more than willing to listen but it will have to be balanced against what the Trump administration sees as the consumer costs of new vehicle and safety factors.

The administration has said it believes reversing fuel economy standards could save as many as 1,000 lives a year both by putting people in larger vehicles and reducing the number of miles driven by allowing the cost of operating a vehicle to increase somewhat, though experts have questioned those assumptions.

The Trump administration also believes that by getting people into new cars, even without the stricter standards, there will be less emissions, since those cars are at least somewhat better than the older ones now on the road, despite concerns from health officials and environmentalists that it could hurt air quality.

“When they take a look at this and realize they’ll be selling more new cars, I think they’re viewpoints may change,” Wheeler said of automakers, referring to the administration’s contention that stricter fuel standards have been driving up the cost of new vehicles and leaving some drivers to keep older cars and trucks rather than buying new ones.

Meanwhile, he added, there would be nothing stopping automakers from making cars and trucks more fuel efficient if they wish.

“The manufacturers can go above that,” he said. “We don’t want to dictate what (kinds of cars and trucks) Americans buy. ... The newer (more fuel efficient) cars (that are being made now) are not what people want to buy and that doesn’t help the environment.”

The EPA also noted that, as it looks at changes, that m.p.g. and greenhouse gas emissions can be impacted by everything from different drive trains and the shape of a vehicle to its window color. But as Wheeler made clear, neither he nor anyone else is interested in different standards for different states, adding that, under the proposal, California and other states could still potentially take certain other measures to improve air quality for greenhouse gases other than carbon dioxide for health reasons.

“This is not a negotiation between the state of California and the federal government,” he said. “We have a lot of stakeholders.”

James Hewitt
Environmental Protection Agency
Press Secretary

Ex. 6 - Personal Privacy

Message

From: Bolen, Brittany [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=31E872A691114372B5A6A88482A66E48-BOLEN, BRIT]
Sent: 8/2/2018 8:57:48 PM
To: **Ex. 6 - Administrator's Email** Jackson, Ryan
[/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=38bc8e18791a47d88a279db2fec8bd60-Jackson, Ry]
Subject:
Attachments: **Ex. 5 - Deliberative Process**

Here is a one page overview of the draft recommendations.

From: POLITICO Pro Energy [politicoemail@politicopro.com]

Sent: 8/2/2018 8:44:04 PM

To: **Ex. 6 - Administrator's Email**

Subject: Afternoon Energy, presented by ExxonMobil: Car wars — Ethane company has ties to Russian spy — Mystery pro-Trump energy company unmasked

By Garrett Ross and David Beavers | 08/02/2018 04:43 PM EDT

With help from Eric Wolff and Anthony Adragna

CAR WARS: The Trump administration today unveiled its proposal to freeze vehicle fuel efficiency standards sought by the Obama administration and to rescind California's power to enforce its own set of stricter standards, kicking off a legal fight over the pollution regulations for new cars and pickups, Pro's Alex Guillén reports. The joint EPA-National Highway Traffic Safety Administration proposal would keep fuel economy standards at 2020 levels for model years 2021-2026, freeing the EPA to roll back the carbon dioxide standards.

The proposal "will enable more Americans to afford newer, safer vehicles that pollute less," acting EPA Administrator Andrew Wheeler said in a statement. "More realistic standards can save lives while continuing to improve the environment." NHTSA contends that freezing the fuel economy standards will save 12,700 lives per year, largely by keeping new car costs down and enabling consumers to buy new vehicles.

The auto industry had sought more flexibility in meeting the standards set out under the original Obama rules, now worries the White House is going too far in rolling them back. By failing to negotiate a deal with California to maintain one national program, the proposal could add significant uncertainty and bureaucracy, which Alliance of Automobile Manufacturers chief Mitch Bainwol told Congress in May would lead to a "regulatory nightmare."

Democrats and environmentalists immediately panned the proposal, arguing it will make American automakers less competitive globally and increase greenhouse gas emissions. "This administration has, once again, ignored the obvious right answer and decided to listen to the most extreme voices as it pushes through a plan that no one is interested in — with the exception of the oil industry, perhaps," Sen. Tom Carper (D-Del.) said in a statement. Read more here.

CALI STRIKES BACK: Gov. Jerry Brown was quick to rally his troops for a battle, saying: "California will fight this stupidity in every conceivable way possible." State Attorney General Xavier Becerra, meanwhile, added to the offensive, saying he will use "every legal tool" to fight the proposal and defend the current rules. Read more here.

"California is about progress and 21st century innovation and technology. We're not about backsliding," Becerra said after opening a Los Angeles press conference by noting the fires scorching the state. "The Earth is not flat and climate change is real. Can someone please inform the folks at the White House?" Becerra said. Read more from POLITICO's Jeremy B. White and Carla Marinucci here.

RETURN OF THE CRITICS: Despite the safety projections, few auto experts or policy makers believe the administration's analysis is sound, Pro's Eric Wolff and Alex report. "At first glance, this proposal completely misrepresents costs and savings. It also relies on bizarre assumptions about consumer behavior to make its case on safety," California Air Resources Board Chair Mary Nichols said in a statement.

The argument that raising prices will keep people from trading in their clunkers for new cars is undermined also by the administration's imposition of tariffs on imported aluminum and steel, as well as potential tariffs on imported cars themselves, according to critics.

"If they were really concerned about fleet cost [slowing] fleet turnover and costing lives, they wouldn't be proposing tariffs on cars, now would they?" said Hal Harvey, CEO of Energy Innovation, an energy analysis firm with a focus on clean energy technology. "This is why I call it cynical in the extreme, it just makes no sense." Read more [here](#).

Welcome to Afternoon Energy! We're your hosts Garrett Ross and David Beavers. Send suggestions, news and tips to gross@politico.com, dbeavers@politico.com, mdaily@politico.com and njuliano@politico.com, and keep up with us on Twitter at [@garrett_ross](https://twitter.com/garrett_ross), [@davidabeavers](https://twitter.com/davidabeavers), [@dailym1](https://twitter.com/dailym1), [@nickjuliano](https://twitter.com/nickjuliano), [@Morning_Energy](https://twitter.com/Morning_Energy) and [@POLITICOPro](https://twitter.com/POLITICOPro).

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ONE VOICE WORTH WATCHING: California Rep. Ken Calvert, chairman of the Appropriations subcommittee that oversees EPA funding, voiced concern the proposed rollback would hurt the state's air quality and trigger years of litigation. "In addition to my concerns about the impact to California's air quality, I share the concerns voiced by our automobile manufacturers about the negative effects of a lengthy, uncertain court battle," he told AE in a statement. "I will advocate to the EPA that they must address the impacts on our air quality and automobile manufacturers in the final regulation." He's previously urged EPA against challenging California's waiver authority.

ETHANOL ECSTATIC ABOUT CAFE RULE: Ethanol producers were glad to see that EPA's fuel economy rule proposal asks for comment on whether it should support the use of high-compression engines burning 30 percent ethanol fuel blends. "We are pleased to see that EPA's proposal recognizes that high octane fuels can help enable more efficient engines and reduce GHG emissions, and we believe the agency should use its authority to include high octane low carbon fuels as an option available to automakers for meeting more stringent fuel economy and emissions standards in the future," Geoff Cooper, the incoming CEO of the Renewable Fuels Association, said in a statement.

ETHANE COMPANY HAS TIES TO RUSSIAN SPY: Houston-based American Ethane Co. is nearly 90 percent owned by a trio of Russian businessmen, including one with ties to accused Russian spy Maria Butina, according to recently amended lobbying disclosure filings spotted by E&E News' Mike Soraghan. "The filings now show that Konstantin Nikolaev, Mikhail Yuriev and Andrey Kunatbaev together own 88 percent of the fuel-export company. On previous disclosures dating back to 2014, company representatives had indicated there was no substantial foreign control. Nikolaev has been linked in news reports to Maria Butina, the Russian woman accused of acting as an unregistered agent of her government."

The company's CEO, John Houghtaling, was among a group of executives who joined President Donald Trump on a trip to Beijing in November. "American Ethane played a prominent role in a trade ceremony during President Trump's November trip to Beijing," Soraghan writes. "Trump and Chinese President Xi Jinping looked on as executives signed 15 trade deals. One of them was American Ethane CEO John Houghtaling II, signing a \$26 billion deal to sell ethane to China." Read more [here](#).

MYSTERY PRO-TRUMP ENERGY COMPANY UNMASKED: Loyal AE readers might recall an item in the [July 19](#) edition regarding a mysterious energy company, Global Energy Producers LLC, that was listed as one of the top donors to Trump's top super PAC, America First Action. Well, The Daily Beast's Lachlan Markay pulled that thread a little further, reporting that the company "is eyeing ways to get in on the financial

windfall that will ensue from Trump's attempts to open up more European markets to U.S. LNG exports." Though details surrounding the company are still murky at best, a spokesman told Lachlan: "'The amount donated to America First PAC represents only a small fraction of the operating costs of GEP,' the statement said. 'The implication that GEP is some sort of shell company couldn't be further from the truth.' ... 'The company is committed to a long-term plan to export American LNG [liquified natural gas] and is in the process of partnering with major industry leaders both domestically and internationally to achieve that end,' its spokesman wrote." Read more [here](#).

WELCOME ABOARD: The Solar Energy Industries Association today announced PetersenDean, a Fremont, Calif.-based roofing and solar company, is joining its board of directors, with Gary Liardon, PetersenDean's president of consumer group nationwide, serving as director.

SWAMP WATCH: Sumitomo Corporation of Americas, the U.S. subsidiary of the Japanese trading giant, which has billions of assets in American mineral, energy and chemical resources, among other holdings, registered to lobby on its own behalf. The company will lobby on a slew of issues, including liquid natural gas exports, biofuels, renewable energy and energy tax credits, per a disclosure [filing](#).

MOVERS, SHAKERS: Chairwoman [Lisa Murkowski](#) (R-Alaska) announced some staff moves on the Energy and Natural Resources Committee today. Chief Counsel Patrick McCormick is leaving the committee to join the private sector. Kellie Donnelly, the current deputy chief counsel, will succeed McCormick as chief counsel. Lucy Murfitt will be promoted to deputy chief counsel, and Isaac Edwards will be promoted to special counsel.

— **The Mid-Atlantic Conference of Regulatory Utilities Commissioners** named Joseph Fiordaliso, president of the New Jersey Board of Public Utilities, as its new secretary-treasurer, POLITICO's Danielle Muoio [reports](#). The move comes as Fiordaliso is putting pressure on regional transmission organization PJM Interconnection to give states greater sovereignty, and is [weighing](#) whether to pull New Jersey out of the PJM grid.

QUICK HITS:

- "Green energy producers just installed their first trillion watts," [Bloomberg](#).
- "With lawsuits, New Jersey signals tougher stance on the environment," [The New York Times](#).
- "Sempra Energy leads 11 utilities in Management Top 250," [Wall Street Journal](#).
- "Uncertain future for Kigali despite lobbying push," [E&E News](#).

WIDE WORLD OF POLITICS:

- Trump pushed last year for dramatic [refugee cuts](#)
- GOP plans to [blow past](#) new Kavanaugh confirmation obstacle
- "There's a deal to be had": Graham [could revive](#) immigration reform as chairman

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<https://subscriber.politicopro.com/newsletters/afternoon-energy/2018/08/car-wars-304862>

Stories from POLITICO Pro

Trump fires first shot in California car wars [Back](#)

By Alex Guillén | 08/02/2018 09:33 AM EDT

Donald Trump has declared an energy war on California.

The administration on Thursday proposed freezing the vehicle fuel efficiency standards sought by the Obama administration and moved to end California's power to enforce its own rules, setting off a legal fight that could create a schism among red and blue states over the pollution regulations for new cars and pickups.

Acting EPA Administrator Andrew Wheeler said in a statement the proposal aimed to strike a balance "that will enable more Americans to afford newer, safer vehicles that pollute less. More realistic standards can save lives while continuing to improve the environment."

But Democrats and U.S. automakers warned that forcing a conflict with California will create a split where states that follow California's lead will have tighter mileage requirements than the federal standard, creating a patchwork of regulations that will hamper the development of the next generation of cars and light trucks.

"This administration has, once again, ignored the obvious right answer and decided to listen to the most extreme voices as it pushes through a plan that no one is interested in — with the exception of the oil industry, perhaps," Sen. [Tom Carper](#) (D-Del.) said in a statement.

Rolling back the rules would make American cars less competitive in a global market that is trending toward more efficient vehicles, he said.

Democratic California Gov. Jerry Brown — who has led efforts among the states to counter Trump's rollbacks of climate change initiatives — was quick to blast the move.

"Under his reckless scheme, motorists will pay more at the pump, get worse gas mileage and breathe dirtier air. California will fight this stupidity in every conceivable way possible," he said in a statement.

The auto industry had initially urged President Donald Trump to revisit the standards for 2021-2025 vehicles that were set under former President Barack Obama, saying they wanted more flexibility in meeting the aggressive goals, such as earning credit for previous pollution emission reductions.

But as with [Trump's tariff and trade disputes](#), the companies worry that the White House is going too far and may hurt the auto industry more than help it. They have urged Trump officials to negotiate a deal with California that would keep in place one set of rules that apply to the entire country — or jeopardize one of the U.S.' biggest industries.

"We are not asking the administration for a rollback," Ford Chairman Bill Ford said at his company's annual meeting in May, one day before automakers met with Trump. "We want California at the table, and we want one national standard that includes California, and we've been very clear on that."

Breaking up the national program would lead to a "regulatory nightmare," Alliance of Automobile Manufacturers President and CEO Mitch Bainwol told Congress in May. Experts aren't entirely sure what a

market with two standards might even look like, but it could involve making two different designs of vehicles or pricing cars differently depending on whether a state follows California or federal rules, both options that add significant uncertainty and bureaucracy.

Meanwhile, critics like Dan Becker, director of the Safe Climate Campaign at the nonprofit Center for Auto Safety, said car manufacturers are getting more than they bargained for.

"What they didn't know is, when they asked Trump to help them start rolling these standards down the hill, that he would totally disconnect the brakes," Becker said.

At the core of the conflict is California's unique authority under the Clean Air Act to enforce its own stricter standards — and provisions allowing other states to choose them instead of the federal rules. The Trump administration's proposal would revoke that waiver, and require California to defer to federal regulators.

Twelve states, mostly those in the Northeast and Pacific Northwest, along with D.C. already follow California's more stringent standard, and Colorado will join them by the end of the year. Those states make up more than 40 percent of the U.S. new car market, and environmentalists are hoping to persuade more states to follow California if Trump torpedoed the federal rules.

Environmentalists, meanwhile, argue the rollbacks would erase a significant amount of the greenhouse gas savings achieved under the Obama plan, and make it harder for cities to address air pollution that causes illness and smog.

"This proposal is completely unacceptable," Ken Kimmell, president of the Union of Concerned Scientists, said in a statement. "It's an attack on the climate, consumers, state governments and the future viability of America's auto industry."

EPA and the California Air Resources Board have been in negotiations for months, and state regulators have said they would be willing to discuss the flexibility measures sought by automakers if EPA would commit to a new round of rulemaking increasing the standards through 2030. But the state would not back off its overall emissions targets, which are a key part of its effort to fight climate change and reduce pollution that chokes its cities with smog.

Thursday's proposal is likely to end any serious discussions over a potential regulatory deal, although EPA air chief Bill Wehrum said California had agreed to sit down for further negotiations.

The proposal, a joint product from EPA and the National Highway Traffic Safety Administration, would freeze the Transportation Department-set fuel economy standards for model year 2021-2026 cars at 2020 levels. That in turn would have EPA roll back the Obama administration's carbon dioxide standards, which initially were projected to bring the fleet average to 54.5 miles per gallon. Instead, cars and light trucks would top out at an average 37 miles per gallon under the proposal.

NHTSA also contends that California cannot enforce its own more stringent standards, a regulatory move that would prompt EPA to revoke the waiver it issued California in 2013 allowing it to enforce its own rules.

The agency estimated that once it's fully implemented, the proposal would increase fuel consumption by 500,000 barrels a day. That's as much as 3 percent of current consumption and could help drive further domestic oil production.

The Trump administration may face an uphill battle in the eventual court case.

Two federal courts in 2007 upheld California's right to a waiver, rejecting the idea that NHTSA's fuel economy standards preempt California's ability to regulate greenhouse gas emissions. But the state and federal government negotiated a compromise to keep their rules in sync before those rulings could be appealed, and proponents of the Trump rollback see the legal question as still unsettled.

California is confident about its legal footing to defend its waiver, which lets the state enforce its own standards through 2025 if the federal government weakens its own. The Clean Air Act does not address whether the EPA has the authority to revoke waivers once granted, although it does not expressly forbid it either.

Assuming a rule is finalized in early 2019, a legal case may not receive a ruling until 2020, a timeline that will keep automakers on their toes because of the long lead time required to design, test and manufacture new vehicles. If the Supreme Court eventually gets involved, the case could have an even bigger impact on automakers' production plans.

California still faces substantial air pollution problems, and simultaneously freezing federal standards while taking away California's ability to fight traffic pollution on its own only adds to the legal risk the final rule will face in court, legal experts say.

"There's a tension here between those two policy approaches," said Brendan Collins, an environmental attorney and partner at the law firm Ballard Spahr.

In addition, NHTSA argues that freezing the fuel economy standards would save 12,700 lives annually. The proposal argues that consumers are less likely to purchase newer, safer cars if efficiency rules increase the up-front costs; that people who do buy more efficient vehicles are likely to drive them more often; and that more fuel efficient cars are potentially less safe because they are typically smaller and lighter, making them less protective to passengers in a crash.

Advocates of more stringent standards note that traffic fatalities have not risen on par with the growth in vehicle miles traveled or population, indicating that cars are not necessarily becoming more dangerous as they become more fuel efficient.

In addition to fighting the Trump administration in court, California also is preparing regulatory actions to keep its more stringent rules in place.

The state's Air Resources Board sought public comment this spring about potential regulatory language clarifying that only those cars that meet the Obama-set standards will be "deemed to comply" with California's rules as well. A CARB spokesman told POLITICO the agency continues to work on a proposal.

Eric Wolff contributed to this report.

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California vows to fight 'stupidity' of auto rule rollback [Back](#)

By Alex Guillén | 08/02/2018 10:38 AM EDT

California officials today vowed to fight the Trump administration's proposed auto rule rollbacks, especially the move to revoke the state's unique regulatory authority.

"California will fight this stupidity in every conceivable way possible," said Gov. Jerry Brown.

State Attorney General Xavier Becerra said he will use "every legal tool" to fight the proposal and defend the current rules.

The proposal from EPA and the National Highway Traffic Safety Administration would roll back federal greenhouse gas emissions standards while revoking California's ability to set and enforce its own more stringent rules.

EPA air chief Bill Wehrum told reporters on a conference call that the Clean Air Act was meant to give special consideration to California to combat "conventional pollutants" that form smog, not climate-changing greenhouse gases like carbon dioxide that spews from tailpipes.

"There's nothing about how greenhouse gases and potential climate change affects California that's any different than any other state in the country," Wehrum said. "We have proposed to find there's no compelling or extraordinary circumstance there and no justification for California to have its own standards."

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'This is a stupid policy': Emissions become latest front in California-Trump war [Back](#)

By Jeremy B. White and Carla Marinucci | 08/02/2018 03:02 PM EDT

SAN FRANCISCO — California's political leadership is vowing to repel the Trump administration's push to undercut the state's stringent vehicle emissions standards, setting up the latest showdown between the nation's most populous state and an antagonistic White House.

Climate change has been a defining issue for Gov. Jerry Brown in his final term, and the governor — who has engaged in an increasingly acrimonious war of words with the Trump administration, recently branding former EPA chief Scott Pruitt "outlaw Pruitt" — vowed Thursday to "fight this stupidity in every conceivable way."

Former Gov. Arnold Schwarzenegger, who in 2006 signed into law AB-32, the landmark legislation that represented the nation's first cap on greenhouse gas emissions, posted a caustic tweet in reaction to Trump's "stupid policy," saying: "If the president thinks he can win this fight, he's out of his mind."

While California has already racked up a long list of challenges to the Trump administration, the struggle over the Clean Air Act puts at stake the California's authority to pursue an ambitious climate change agenda, taking other states along as it forges a path that stands in direct contrast to the federal government.

"For Trump to now destroy a law first enacted at the request of Ronald Reagan five decades ago is a betrayal and an assault on the health of Americans everywhere," said Brown. "Under his reckless scheme, motorists will pay more at the pump, get worse gas mileage and breathe dirtier air. California will fight this stupidity in every conceivable way possible."

Elected officials here have been preemptively warning for weeks that the Trump administration would unravel the state's decades of progress on cleansing the air, invoking the smog-shrouded Los Angeles of a dirtier era.

They're also trying to maintain California's continued stewardship of an aggressive effort to curtail greenhouse gas emissions and blunt the effects of climate change — a push that relies to a substantial extent on California's ability to regulate tailpipe emissions and mandate clean car sales.

California has already sued the administration to preserve a single national vehicle emissions standard, and within hours of the Trump administration's long-anticipated announcement that it would seek to block California from enacting tougher rules, Attorney General Xavier Becerra announced he would lead 19 state attorneys general in a new lawsuit.

"California is about progress and 21st century innovation and technology. We're not about backsliding," Becerra said after opening a Los Angeles press conference by noting the fires scorching the state - visible signs of an altering climate.

"The earth is not flat and climate change is real. Can someone please inform the folks at the White House?" Becerra said.

The number of attorneys general joining Becerra's suit underscored how the issue is not restricted to California: a dozen states already follow California's greenhouse gas standards or its zero-emission vehicle mandate, creating a national coalition opposed to the White House rollback.

California Air Resources Board chair Mary Nichols said in a statement that her agency, which is on the leading edge of California's climate change regime, would examine "how the Administration can possibly justify its absurd conclusion that weakening standards to allow dirtier, less efficient vehicles will actually save lives and money."

"Stay tuned," Nichols said.

In an outpouring of furious statements, members of Congress vowed defiance. Senators Kamala Harris and Dianne Feinstein introduced a Senate resolution backing California's clean air autonomy, with a parallel measure submitted in the House.

"The administration has again put a target on California's back and they have chosen to protect pollution over people," Harris said in a statement.

In an appeal for reason to Republican lawmakers, Schwarzenegger also noted that it was Reagan who requested California's waiver from the federal government "to clear our own air."

"Let's be clear: this is a stupid policy, and no one asked for this," he wrote. "Businesses prefer certainty, not policies that change with the whim of each White House."

Schwarzenegger added that should the White House and the GOP ignore California's wishes, "I'd remind them that California has won this battle before. We will win again."

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Critics cast doubt on Trump administration auto safety claim [Back](#)

By Eric Wolff and Alex Guillén | 08/02/2018 03:23 PM EDT

The Trump administration is touting its plan to freeze fuel efficiency standards as a safety measure that will prevent nearly 13,000 traffic fatalities over a decade — but safety experts say that claim doesn't hold up to scrutiny.

Using behavioral economic modeling, the Department of Transportation and EPA concluded that the Obama-era fuel economy requirements would drive up prices for new cars and pickups, hurting sales and prompting consumers to keep driving older, less safe cars longer.

But those drivers who do buy the new, more efficient cars would have an incentive from their lower fuel consumption to hit the road more often — increasing the number of vehicle miles driven and leading to more traffic accidents.

Those two conclusions, along with the argument that drivers of lighter, more fuel-efficient vehicles are likely to die in accidents, are the three pillars supporting the administration's proposed rule released Thursday that would halt the fuel efficiency improvements as of model year 2020. But few auto experts or policy makers believe the administration's analysis is sound.

"At first glance, this proposal completely misrepresents costs and savings. It also relies on bizarre assumptions about consumer behavior to make its case on safety," California Air Resources Board Chair Mary Nichols said in a statement.

Almost 99 percent of the 12,680 deaths that Thursday's proposal says it would prevent come from DOT's behavioral economic modeling on sales and vehicle miles traveled — not from issues related to the crash safety ratings of more efficient cars.

Heidi King, the acting head of the National Highway Traffic Safety Administration, said on Thursday that getting people to dump their older cars for new models with better safety features depends on avoiding increased purchase costs that would come from stringent efficiency rules.

"The benefits don't accrue if people don't buy the cars. If you raise the price of cars too much because you made them too fancy, people can't buy them," she told reporters on a conference call.

Because up-front prices are increased, consumers will delay purchasing newer, safer vehicles, she said, echoing the argument made by former EPA Administrator Scott Pruitt in April when he announced EPA would revisit the emissions rules.

But experts say economics research shows that consumers price in somewhere between two and five years of increased fuel savings when making car purchase decisions.

"They look at the vehicles and they see the price is a little higher than expected but the fuel economy is a little higher, and most consumers say they don't care," said John German, a senior fellow at the International Council on Clean Transportation who has worked for decades in the auto industry.

The administration cites the aging auto fleet — the average U.S. car is almost 12 years old — as evidence that people are locked out of the new-car market. In its proposed rule, they argue that tighter standards would add \$2,100 to the price of a car, the same as what EPA said it would cost when it wrote the rules in 2012.

But in its now-rescinded review, which was issued in the final days of the Obama administration, EPA said that figure had fallen to \$900 per vehicle. ICCT's German says that's because NHTSA is overlooking conventional fuel economy technologies in favor of more expensive hybrid vehicles.

The argument that raising prices will keep people from trading in their clunkers for new cars is undermined also by the administration's imposition of tariffs on imported aluminum and steel, as well as potential tariffs on imported cars themselves, according to critics.

"If they were really concerned about fleet cost [slowing] fleet turnover and costing lives, they wouldn't be proposing tariffs on cars, now would they?" said Hal Harvey, CEO of Energy Innovation, an energy analysis firm with a focus on clean energy technology. "This is why I call it cynical in the extreme, it just makes no sense."

EPA and NHTSA also say that "safety benefits will occur from other areas such as avoiding the increased driving that would otherwise result from higher fuel efficiency (known as the rebound effect) and avoiding the mass reductions in passenger cars that might otherwise be required to meet the standards established in 2012."

But critics see a contradiction.

"How can you assume that people are going to keep their old cars longer, but they're going to drive [new cars] more?" Margo Oge, former head of EPA's transportation unit, told reporters. "The only answer I can see is that this fabricated analysis is consistent with Trump's White House to dismantle every climate program that President Obama put in place."

The rebound effect is long-studied in economics and energy circles, and it is occasionally employed as an argument against increasing efficiency requirements in everything from lightbulbs to automobiles. But economists typically estimate that the rebound effect will erode about 10 percent of the expected benefit, meaning that people will offset 10 percent of the energy savings via increased usage.

NHTSA instead on Thursday set the rebound effect at 20 percent in its proposal, further reducing the benefits of increased efficiency. And critics question whether the rebound effect is a cost.

"Nevermind the fact that it isn't really a safety argument, and it's really about people taking advantage of one of the main benefits of having a lower cost of operation," said David Cooke, a vehicles analyst at the Union of Concerned Scientists. "They paint it as a negative. So half the fatalities, basically, are related to the fact that people will drive more with more efficient vehicles."

Overall, the safety issues around reducing the weight of vehicles play only a small role in the proposal.

The joint proposal says that just 160 of the 12,680 lives projected to be saved over the lifetime of cars produced through 2029 would come from engineering changes automakers use to comply, such as making cars smaller and using lighter materials like aluminum instead of steel.

"Making cars lighter does not necessarily make them less safe," EPA air chief Bill Wehrum said. "The bulk of the benefits we see in this program don't have anything to do with lightweighting, it has everything to do with trying to turn over the fleet, getting people into new cars and getting safer, cleaner cars on the road."

But getting people into new cars means cloaking that economic goal inside safety concerns, according to Dan Becker, director of the Safe Climate Campaign at the nonprofit Center for Auto Safety.

"The administration is concocting a whole parade of horrors to justify these outrageous rollbacks, and they've created a bizarre series of economic arguments which leads them to safety conclusions," he said.

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POLITICO Pro New Jersey: Could New Jersey leave PJM? BPU is considering it [Back](#)

By Danielle Muoio | 07/05/2018 09:09 AM EDT

Joseph Fiordaliso, president of the Board of Public Utilities, is considering pulling the state out of PJM — the sprawling, regional energy market that New Jersey helped form almost a century ago.

As first reported by [RTO Insider](#), Fiordaliso said he is frustrated with the regional transmission operator, arguing that PJM has often failed to support the state or come to its defense during key policy decisions. When asked whether those concerns could drive him to leave, Fiordaliso said he was "exploring it."

Whether that exploration could actually prompt action is still unclear. He told POLITICO he has requested information on withdrawing from the capacity market from BPU staff. But he has not taken the extra step of formally requesting information from PJM, according to PJM spokeswoman Susan Buehler.

When asked whether he is serious about leaving PJM, Fiordaliso demurred.

"PJM has a certain role, but policy is determined on the state level here, and sometimes they cross over the line," Fiordaliso told POLITICO. "How serious am I? I'll go back to what I said before — my first preference is to work in collaboration with them for the benefit of the region and for the benefit of New Jersey."

What is clear is that New Jersey is putting pressure on PJM to start giving states greater sovereignty to shape their own energy policy.

After years of deliberation, PJM sent two proposals for capacity market reforms to the Federal Energy Regulatory Commission, both of which would mitigate the impact state subsidies have on the market. The policy change would directly affect New Jersey, which passed a \$300 million subsidy for nuclear plants earlier this year. Illinois, another state in the PJM market, has also passed a nuclear subsidy.

Fiordaliso said PJM has failed to adequately communicate with individual states on these kinds of reforms.

"PJM has a mission and responsibility, and I respect that. So do we," he said. "Let's sit down and talk about the capacity issue and how it affects the individual states."

On Friday, FERC rejected both of PJM's market proposals and called on the operator to rewrite its current market rules. FERC is now taking comments through Aug. 28.

Fiordaliso said he was still analyzing the full FERC ruling and declined to comment beyond that.

But Fiordaliso's frustration with PJM speaks to the potential for growing discontent among energy regulators who feel PJM is impeding its member states' ability to shape their energy landscape to accommodate for renewables.

"It's not surprising that a state like New Jersey would see this as an attack on their sovereignty and the ability of state policymakers to choose and protect their own resources," Robbie Orvis, director of energy policy design at Energy Innovation, said of PJM's proposals.

Fiordaliso also voiced frustration that PJM failed to support New Jersey during a contentious dispute it had with New York over who would pay for a \$1.2 billion transmission upgrade. FERC ultimately determined that New Jersey must bear the full brunt of the costs.

"We have great admiration for the state of New York and we always want to work closely with the state of New York, but we are a PJM state and New York is not," Fiordaliso said. "If there's any dispute, we would hope PJM would defend that."

When asked whether Fiordaliso would jump ship from PJM to join the New York Independent System Operator, the BPU head said he had "not given that any thought."

"But as I've said before, New York and New Jersey do work very closely together and we hope to continue that relationship, particularly where offshore wind is concerned," he added.

Buehler, the spokeswoman for PJM, said "we value New Jersey and believe the state is an important part of PJM."

"At our core, we are a service organization," she said in an email. "PJM has delivered significant value to customers and members including New Jersey. In addition to reliability, our markets provide savings between \$2.8 billion and \$3.1 billion annually. Wholesale electricity rates are down 40% and are the lowest since 2008."

Buehler added that PJM membership is voluntary.

With the fate of capacity reforms up in the air, it's clear New Jersey is weighing whether the state is still benefiting from the capacity market it helped form in the 1920s.

"What I would like, if i could snap my fingers ... is better collaboration and better communication with PJM," Fiordaliso said. "If that doesn't happen, the states have to look at other things. ... I don't want to be adversarial to anyone, but I do want New Jersey to be treated fairly."

This report first appeared on [POLITICO Pro New Jersey](#) on July 5, 2018.

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'Miller is not deterred': Top immigration aide pushing cuts in refugee numbers [Back](#)

By Nancy Cook, Nahal Toosi and Ted Hesson | 08/02/2018 01:28 PM EDT

President Donald Trump advocated last year for dropping the refugee cap to as low as 5,000 people from 50,000, according to a former administration official - a cut far more drastic than even his most hawkish adviser, Stephen Miller, was pushing for at the time.

Ultimately, the administration settled on restricting the flow of refugees into the U.S. to 45,000 this fiscal year - the lowest since the program officially began in 1980, and less than half the target of 110,000 President Barack Obama set in his last planning cycle.

But the discussion set the terms of the administration's stance toward refugees. Now the White House's resident immigrant hawk, Stephen Miller, and a group of like-minded aides are pressing ahead with policies designed to drastically reduce the number of people entering the U.S. both legally and illegally.

They are moving forward despite the blowback they got over their decision to enforce a "zero tolerance" prosecution policy at the border that resulted in the separation of thousands of migrant children from their parents, according to interviews with more than a dozen current and former administration officials and outside White House advisers.

On Friday, a tiny group of key administration officials led by the National Security Council's Mira Ricardel will meet to debate the coming year's refugee cap. One Republican close to the White House and a former White House official familiar with the ongoing discussions predicted the cap could fall as low as 15,000 refugees per year in 2019, continuing the steady contraction of overall immigration figures.

"Inside the Washington beltway, this is a numbers game that's being carried out by people who don't care about refugees and are orienting this to their base," said Anne Richard, former assistant secretary of state for population, refugees and migration in the Obama administration.

Miller, who has been a policy adviser to Trump since the campaign, has turned immigration into his signature issue. White House officials are loathe to cross him or meddle in that policy lane given his passion for the subject and his ongoing, close relationship with the president, according to people familiar with dynamics inside the administration.

"Miller is not deterred," said one Republican close to the White House. "He is an adamant believer in stopping any immigration, and the president thinks it plays well with his base."

Miller declined to comment. A White House spokesman did not respond to a request for comment on Thursday.

Behind-the-scenes, Miller, 32, has been busy reaching out to every relevant Cabinet secretary to convey to them his own interpretation of the president's thoughts on the refugee cap in an effort to sway the decision, said a former White House official familiar with the discussions.

The wild card in the debate is Secretary of State Mike Pompeo. No one is quite sure where he stands on the matter - but his State Department is stocked with allies of Miller, including deputy assistant secretary of state Andrew Veprek and John Zadrozny, who's been named to Pompeo's policy planning staff.

"Is Pompeo going to let his department be used by Miller as an arm of the Domestic Policy Council?" asked the former White House official. "Is he going to take his marching orders from a 30-something who's orchestrated a hostile takeover? This is the moment for Pompeo to show that he is running his own show over there."

When asked for comment, a State Department official responded that "each year, the president makes an annual determination, after appropriate consultation with Congress, regarding the refugee admissions ceiling for the following Fiscal Year. That determination is expected to be made prior to the start of Fiscal Year 2019 on October 1, 2018."

The refugee cap is just one of several policies that Miller and his like-minded allies throughout the federal agencies are pursuing when it comes to immigration. Through rule-making and executive authority, the Trump administration continues to explore ways to make the eligibility requirements for asylum far stricter; ways to

detain together families who illegally cross the border; and ways to reduce the number of people who are able to move into a legal immigration status through "cancellation of removal" - one of few avenues to legal status for certain undocumented immigrants.

Inside the country, they also intend to act far tougher on undocumented immigrants already living and working here. U.S. Immigration and Customs Enforcement intends to continue with its increased focus on work site enforcement, said another Republican close to the White House.

This long laundry list, designed to overhaul the country's immigration system, comes on the heels of the "zero-tolerance" policy, which the administration ultimately scaled back following outcry from conservative religious leaders, Republican lawmakers, many White House staffers. The administration is also under a federal court order to reunify parents and children.

Miller was distraught in the aftermath, said two Republicans close to the White House. He considered the "zero tolerance" policy a key plank of his overall efforts to deter immigrants from coming to this country at all.

But he and the immigration hardliners quickly recovered from any disappointment and have continued to hold under-the-radar meetings to pursue policies which, in totality, could change the landscape of immigration. White House chief of staff John Kelly is broadly supportive of their efforts, and Miller has been careful to keep his plans fairly secret and not speak up too much in larger White House meetings, said two Republicans close to the White House.

Trump has also been supportive of Miller's efforts since he views immigration as a winning political issue heading into the 2018 mid-terms and one that puts Democrats on the defensive.

"On the political side of things, the Democrats have put themselves now in more peril than ever," a White House official told POLITICO in June during the height of the family separations. "Through their uninformed, highly inaccurate hysteria, they have elevated the issue of immigration and border security to the forefront of the mid-terms, and this is a much better issue for Republicans. So the reality is they are turning off a lot of swing voters, and they are also motivating a lot of Republican-leaning moderate and conservative voters to go out and vote."

Limiting refugee numbers may also upset religious groups that have historically handled resettlement for the government. If the Trump administration opts for a lower refugee ceiling, it may also scale back funding to the nine religious and charity agencies that facilitate the process nationwide.

The State Department's refugee bureau signaled a possible spending drawdown in a March request for resettlement proposals, saying it "expects to fund a smaller number of recipient agencies" in fiscal year 2019.

Refugee organizations intend to lobby Pompeo publicly and privately to defend the program. The secretary praised "the strength, courage, and resilience of millions of refugees worldwide" during World Refugee Day in June, but also is considering the possible elimination of the department's refugee office.

"The refugee resettlement program is about so much more than just saving lives," said Melanie Nezer, senior vice president of public affairs at the Hebrew Immigrant Aid Society, a resettlement agency. "It's also a diplomatic tool, it's a foreign policy tool, it stabilizes countries that are hosting the refugees."

The United Nations refugee agency has identified 1.4 million refugees worldwide in need to resettlement, of whom only a small number are placed each year. In 2017, for instance, the U.N. sent just 75,000 refugees to receiving nations for resettlement, according to an annual report.

Kay Bellor, a vice president with the Lutheran Immigration and Refugee Service, said refugees could be stranded in host countries such as Turkey and Lebanon if the U.S. doesn't open its doors.

"They're languishing in refugee camps, their kids are not getting educated, they're not contributing economically. It's a pretty horrible situation," she said. "You're going to warehouse people who otherwise would be able to move on with their lives."

Bellor added that it would send a "terrible signal" to host countries. "It's hard to imagine how this might impact their response," she said.

The Trump administration argued last year that refugee resources should be shifted to reduce the backlog of asylum seekers in the U.S., which stood at more than 300,000 cases in January.

Nezer doesn't accept that rationale. "There's no credible evidence that getting rid of the program serves any purpose other than to keep people out," she said.

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GOP plans to blow past new Kavanaugh confirmation obstacle [Back](#)

By Elana Schor and Burgess Everett | 08/02/2018 01:36 PM EDT

Senate Republicans are pressing ahead on confirming Brett Kavanaugh before the midterm elections even after National Archives said Thursday that it can't meet the GOP's request for records until the end of October, days before the midterm elections.

The Archives made its timing announcement in a letter to Judiciary Chairman Chuck Grassley, who appeared alongside four fellow Republicans on his committee earlier Thursday to tout the thoroughness of their nascent review of the nominee's record.

However, the George W. Bush Presidential Library is lending its resources to processing Kavanaugh records in a bid to help expedite the release of the records Grassley and his fellow Republicans have requested.

Without the Bush Library's assistance on the GOP's full request — projected to top 900,000 pages — the party's plans to confirm Kavanaugh before the midterms could be imperiled.

But Majority Leader Mitch McConnell (R-Ky.) has no intention of backing down from his vow to get Kavanaugh on the court before voters go to the polls for an election that could tip the Senate to Democrats.

"I can't envision a scenario where that vote is delayed," a source close to GOP leadership said Thursday. "I think they will have a good sense of what is out there on Kavanaugh. There's no chance in hell Mitch McConnell holds this vote after the election."

Democrats are blasting the Bush Library's role, saying the screening process could be guided by political concerns given that lawyers operating on the former president's behalf are leading the review of documents involving his longtime former aide, Kavanaugh.

"Today, the National Archives confirmed our worst fear - that the vast majority of even the small portion of records the American public will see from Brett Kavanaugh's time in the Bush White House will be pre-screened by a political operative and attorney for George W. Bush, Steve Bannon, Reince Priebus, and Donald McGahn," Minority Leader Chuck Schumer (D-N.Y.) said in a statement. "This unprecedented process appears to be designed intentionally by Republicans to deny the Senate and the American people the information they need to evaluate this critically important nomination."

Republicans defend the Bush Library-driven review work as in line with the Archives' practices. The former president's team "has agreed to facilitate an open and transparent process, following the Archives' established nonpartisan document review guidelines," a Grassley spokesman said Thursday.

The fresh clashes over Kavanaugh's confirmation timetable erupted after the Archives' general counsel told Grassley that "we will not be able to complete our review of all of the records" by mid-August, as the GOP senator requested late Friday.

Review of emails that Kavanaugh sent while serving in George W. Bush's White House counsel's office and text documents, totaling an estimated 300,000 pages, can be finished by Aug. 20, but the release of a projected 600,000 pages in further records cannot be finished until "the end of October," the Archives told the Judiciary chairman.

The total volume of Kavanaugh documents Republicans have sought is expected to dwarf the number of records the Archives reviewed ahead of Justice Elena Kagan's and Justice John Roberts' confirmations.

"By way of contrast, the total volume of records that NARA reviewed for the nomination of Justice Roberts was approximately 70,000 pages, and the volume for Justice Kagan's nomination was 170,000 pages," Archives general counsel Gary Stern wrote to Grassley on Thursday.

Democrats have pushed for access to hundreds of thousands of more pages on Kavanaugh's years as staff secretary in Bush's White House, but the GOP has dismissed that request as a stall tactic.

"While they continue to throw every argument against Kavanaugh at the wall and make unreasonable demands, we will work hard reviewing all this material, all of his record as a lawyer and as a judge," Grassley told reporters before the Archives announcement.

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'There's a deal to be had': Graham could revive immigration reform as chairman [Back](#)

By Burgess Everett and Elana Schor | 08/02/2018 05:05 AM EDT

Lindsey Graham has painstakingly developed a chummy relationship with President Donald Trump — but he may soon be the Senate's point person on an issue that sharply divides them: immigration.

The South Carolina Republican is in line to take over the Senate Judiciary Committee next year after a potential game of musical chairs in committee leadership. And though Graham's centrist leanings on immigration don't jibe with Trump's hard-line politics, his growing closeness to a president he once openly loathed may prove the best hope for reform in the Trump era.

After a 2016 campaign spent predicting that the GOP would be "destroyed" if Trump was its nominee, these days Graham has become one of the president's loudest defenders.

That's given Graham real cachet with Trump, even as he hasn't shrunk from tangling with the White House on immigration and seeking out bipartisan compromise. Should the GOP keep control of the Senate next year, the deal-making senator may find himself in an unusually high-profile position to sway the president and the Republican Party.

The shift would require current Judiciary Chairman Chuck Grassley (R-Iowa) to swap his gavel for the Finance Committee chairmanship. And a growing number of Republican sources say it's likely Grassley will jump, leaving Graham to preside over the powerful committee with jurisdiction on the nation's borders.

"On immigration, there's a deal to be had. We'll see if we get there," Graham said in an interview. Asked whether he'd take the Judiciary job if it fell to him, he answered: "Sure. It'd be an honor."

Graham, who is up for reelection in 2020, faced conservative primary challengers in his previous campaign, yet still found space to hatch a major bipartisan "Gang of Eight" immigration bill. And the former Air Force lawyer with the syrupy Southern drawl has given himself room to maneuver with Trump by backing the president's foreign policy swerves as well as tariffs that are beginning to hit the Palmetto State's agriculture and manufacturing industries.

Graham once called Trump a "jackass" and said his party had gone "bat shit crazy" as it voted to nominate him. Graham is still out front in bucking the White House's efforts to defrost relations with Russia, working with Democrats on a strong new sanctions proposal. But he's largely shaken the combative approach and is now reluctant to criticize the president as he prepares to run for reelection and potentially chair one of Congress' most powerful panels.

"I've approached it: 'OK, I can live my life up here saying I don't like this tweet, I don't like this policy.' Or I can say, 'I don't agree with this, but overall he's doing good,'" Graham said. "One thing I've convinced the president is, I want him to be successful, but I still want to be me."

Indeed, just because Graham has done something of a 180 on Trump politically doesn't mean he's dropped his more centrist stance on immigration. And his ascent on Judiciary would offer a marked change for the Senate GOP's direction on the issue.

Graham has repeatedly sought compromise with liberals in search of comprehensive reform as well as smaller deals to shield young immigrants from deportation, legislation that has been trashed by Trump and most Republicans.

But GOP senators won't fight Graham's rise.

"He sure won't be boring," said Senate Majority Whip John Cornyn (R-Texas), who serves on the committee. "He may challenge us, our comfort zone, a little bit on some of these issues. But I think that's OK."

Democrats are downright giddy that they might have even a somewhat like-minded Republican at the panel's helm rather than Grassley, who is far more in line with Trump's restrictive immigration policies.

"If he were the chairman, I think he would dedicate himself to working hard on immigration and public safety issues. But we'll see," said Sen. Chris Coons (D-Del.).

Sen. Sheldon Whitehouse (D-R.I.), who has worked alongside Graham atop Judiciary's crime and terrorism subcommittee, said he would be "thrilled" to see Graham take the chairmanship, describing a "particularly good working relationship" with him.

As the influential chief of Judiciary, Graham would have sway over Trump's judicial nominees, gun legislation and special counsel Robert Mueller's Russia investigation as well as immigration. Still, Majority Leader Mitch McConnell ultimately controls the Senate agenda, and he's had no problem blocking Grassley-backed legislation from coming to the floor, including a Mueller protection bill and criminal justice reform — both of which Graham helped craft.

Graham made clear in the interview that he knows he needs Trump's support to win reelection and be successful in Congress, but said Republican voters don't want a lackey, either.

"I want him to be successful. Yes, it would help me to have a good working relationship with the president. The best thing I can do is have an honest relationship with the president. I personally like him, I think he's doing a lot of good things. And when we disagree, we'll just disagree," Graham said. "Republicans are pleased with the president. But at the end of the day they expect an honest exchange."

Grassley says he won't decide whether to make any committee moves until after the election. Some in the GOP are betting on the Iowan to reclaim his past spot at the helm of the tax-writing Finance panel, leaving Graham to slide over to Judiciary.

"Chuck loves the Finance Committee issues, the tax stuff, he's been there before. It'd be a hard choice," said Sen. John Thune (R-S.D.). "If I were a betting man, it'd be Grassley to Finance. But it's not my decision."

A Graham chairmanship may not be good news for the ultraconservative Trump policy adviser whom the senator derided as an "outlier" on immigration during last winter's heated negotiations on Dreamers. "As long as Stephen Miller is in charge of negotiating immigration, we are going nowhere," Graham said then.

Another fellow Republican with whom Graham has scrapped, Sen. Rand Paul of Kentucky, professed himself ambivalent about the move, though he acknowledged they disagree on "a lot."

"I don't think I have a say in who becomes chairman and who doesn't," said the libertarian-leaning Paul, who has clashed with the hawkish Graham.

As Sen. Thom Tillis (R-N.C.) put it: If Graham ends up chairman, it would mean Republicans have kept the Senate this fall and the party wouldn't shift much further left on immigration.

And ultimately, Democrats would prefer to strike an immigration deal with Trump in a far different position — with themselves in the majority next year.

Asked about Graham's potential Judiciary chairmanship, Senate Minority Whip Dick Durbin (D-Ill.) quipped that "if he wants, after the election, to be the ranking Republican, I think that's a great idea."

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Subject: EPA News Highlights 8.2.18

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EPA News Highlights 8.2.18

The Wall Street Journal: Make Cars Great Again

During a visit to Detroit last year, President Trump announced his administration would assess and correct the current vehicle fuel-economy standards, which impose significant costs on American consumers and eliminate jobs. The administration is continuing to deliver on that promise. On Thursday the Transportation Department and Environmental Protection Agency are announcing a joint proposal to update the national automobile fuel-economy and greenhouse-gas standards to give consumers greater access to safer, more affordable vehicles, while continuing to protect the environment.

The Detroit Free Press: EPA chief: Obama fuel economy standards could cost \$500B

The Trump administration official leading the effort to change — and possibly freeze — fuel economy standards says he isn't looking for a fight with California legal or otherwise but has an obligation to revisit Obama-era standards the data suggest cost money and lives. In an interview with the Free Press on Thursday, acting EPA Administrator Andrew Wheeler said that data compiled by his agency suggest that the existing fuel economy standards could end up costing consumers some \$500 billion over the next half-century and result in 1,000 extra traffic deaths a year.

NBC News: Trump administration revokes Obama-era fuel economy standards

The White House announced Thursday that it is moving ahead on its much-anticipated plan to roll back the fuel economy mandate set by the Obama administration. The move is likely to mean fewer high-efficiency, zero-pollution cars on the road. The previous guidelines, which were reached during Obama's first term, call for automakers to steadily reach a fleet average of 54.5 miles per gallon by 2025 — though with credits and other modifications, the actual figure is expected to wind up in the low to mid-40 mpg range. Thursday's announcement means the new standard would be frozen at 2020 levels, around 37 mpg.

E&E News - EPA to Leave 2015 Ozone Standard Alone — For Now

The Trump administration, ending 16 months of legal uncertainty, signaled yesterday that it will not seek to revise or repeal the 2015 ground-level ozone standard "at this time," while simultaneously floating the possibility of later raising the 70-parts-per-billion limit through a newly launched review. In a court filing late yesterday, agency lawyers cited an array of factors in opting against reconsideration of the Obama-era standard, including the importance of regulatory certainty and the need to focus on the new review.

E&E News - Wheeler Touts Trump Agenda, Transparency in Senate Spotlight

Acting EPA Administrator Andrew Wheeler gave President Trump and the Senate Environment and Public Works Committee a chance yesterday to assess his leadership and consider whether he deserved a permanent place at the agency's helm. Wheeler hasn't been nominated for the EPA top job, and the White House didn't comment on Wheeler's Senate testimony, but EPW Chairman John Barrasso offered his endorsement.

Water Online - EPA Provides \$135M for Innovative Groundwater Replenishment Project Expansion in Orange County

Recently, the U.S. Environmental Protection Agency (EPA) announced a \$135M Water Infrastructure Finance and Innovation Act (WIFIA) loan to the Orange County Water District to help finance its Groundwater Replenishment System final expansion. The announcement was made by EPA's Regional Administrator for the Pacific Southwest Mike Stoker at the project's future site on Ward Street in Fountain Valley. Stoker was joined by U.S. Congressman Dana Rohrabacher, Orange County Water District Board President Denis Bilodeau, and Orange County Sanitation District General Manager James Herberg.

National News 8.2.18

ABC News - Trump Receives New Letter from Kim Jong Un, Sends His Reply

The White House said Thursday that President Donald Trump received a new letter from North Korean leader Kim Jong Un and responded quickly with a letter of his own. The correspondence, following up on their Singapore summit, came amid fresh concerns over Pyongyang's commitment to denuclearization. Trump early Thursday tweeted his thanks to the North Korean leader "for your nice letter — I look forward to seeing you soon!"

Bloomberg - Apple Becomes First U.S. Company to Hit \$1 Trillion Value

Apple Inc. became the first U.S.-based company with a market value of \$1 trillion, four decades after it was co-founded by Steve Jobs in a Silicon Valley garage and later revolutionized the worlds of computing, music and mobile communications. The consumer-technology giant briefly touched the milestone at 11.48 a.m. in New York trading Thursday, based on share count data the company disclosed in a recent regulatory filing. PetroChina Co. briefly crossed that valuation in late 2007 but slumped quickly as oil prices collapsed in the financial crisis. Other tech giants are not far behind Apple today, with Amazon.com Inc., Alphabet Inc. and Microsoft Corp. worth more than \$800 billion each.

Wall Street Journal

Make Cars Great Again

<https://www.wsj.com/articles/make-cars-great-again-1533170415>

By Elaine Chao and Andrew Wheeler, 8/2/2018

The White House said Thursday that President Donald Trump received a new letter from North Korean leader Kim Jong Un and responded quickly with a letter of his own. The correspondence, following up on their Singapore summit, came amid fresh concerns over Pyongyang's commitment to denuclearization.

Trump early Thursday tweeted his thanks to the North Korean leader "for your nice letter — I look forward to seeing you soon!"

The White House did not provide details on the specific content of the letter from Kim, received Wednesday, or of Trump's reply. White House spokeswoman Sarah Huckabee Sanders said the letters addressed their commitment to work toward North Korea's "complete denuclearization."

Sanders said no second meeting is "locked in" as a follow-up to the Singapore summit in June, but they remain open to discussions.

Trump in his tweet expressed gratitude to Kim "for keeping your word" on the return of the remains of more than 50 American service members killed during the Korean War. Vice President Mike Pence and U.S. military leaders received the remains in Hawaii during a somber ceremony on Wednesday.

The latest letter from Kim arrived on the heels of concerns over North Korea's ballistic missile program and commitment to denuclearization. Senior Trump administration officials have urged patience, cautioning that the process of denuclearizing North Korea and removing the threat of its long-range missiles will take time.

Secretary of State Mike Pompeo was headed to an Asian security meeting in Singapore, where a meeting this weekend with North Korea's foreign minister was possible.

Trump has sought to show progress from his June 12 summit with Kim. He said during a Tuesday rally in Tampa, Florida, that the U.S. was "doing well" with North Korea and noted the return of detained Americans and Pyongyang's ceasing of nuclear testing and missile tests. "A lot of good things are happening. No tests. No rockets flying. But we'll see what happens," Trump said.

U.S. officials have been closely watching North Korea's willingness to abandon its nuclear ambitions.

The Washington Post on Tuesday reported that U.S. intelligence officials suspect that North Korea is continuing to build new missiles in the same research facility that manufactured the country's ballistic missiles capable of reaching the United States.

The Post also reported that North Korean officials have talked about how they plan to deceive the U.S. about the size of their arsenal of missiles and nuclear warheads and facilities.

The Detroit Free Press

EPA chief: Obama fuel economy standards could cost \$500B

<https://www.freep.com/story/money/cars/2018/08/02/epa-california-fuel-standards/890111002/>

By Todd Spangler, 8/2/2018

The Trump administration official leading the effort to change — and possibly freeze — fuel economy standards says he isn't looking for a fight with California legal or otherwise but has an obligation to revisit Obama-era standards the data suggest cost money and lives.

In an interview with the Free Press on Thursday, acting EPA Administrator Andrew Wheeler said that data compiled by his agency suggest that the existing fuel economy standards could end up costing consumers some \$500 billion over the next half-century and result in 1,000 extra traffic deaths a year.

Meanwhile, he said, the data collected by the EPA and the National Highway Traffic Safety Administration (NHTSA) indicate that far stricter fuel standards put in place by then-President Barack Obama in 2012 — which would mandate average mile-per-gallon in the U.S. fleet of cars and trucks of 54.5 mpg. by the 2025 model year — would result in no more than stopping an increase of 3/1000th of a degree Celsius by the year 2100 in terms of climate change.

"I certainly hope there's a resolution," Wheeler said, referring to what is likely to be a protracted battle with California — and other states following their lead in attempting to retain their ability to set m.p.g. and emission standards tougher than those put in place by the federal government. "They haven't seen the underlying data yet."

Despite what Wheeler called the "rhetoric" from California officials about additional lawsuits, he said he met with Mary Nichols, chairwoman of the California Air Resources Board, two weeks ago and that she said she would be willing to sit down and discuss the Trump administration's proposal — and the data behind it — in the weeks to come to "see if we can come to some kind of an agreement."

For his part, Wheeler has continued to say that while the administration's "preferred alternative" is to freeze fuel standards after 2020 and get rid of the waiver that allows California and other states to set their own standards for vehicles — which effectively can control other states' standards since automakers would find it difficult if not impossible to make multiple sets of the same kind of car — the agencies are open-minded about receiving new data and analysis from states, automakers and other interested parties.

A final decision on what will happen to the fuel standards — which could affect Detroit's automakers as well as the products available to the American driving public and their cost — is expected this winter.

While Detroit's automakers and other car and truck manufacturers had chafed in recent years under the Obama-era standards put in place in 2012, they have generally been supportive of some kind of increase in m.p.g. targets, however, while also looking for flexibility in the face of lower fuel prices that have led to increased sales of larger, less-fuel efficient vehicles.

Wheeler said if automakers have “better data and better analysis” to support some increase in fuel economy targets, he is more than willing to listen but it will have to be balanced against what the Trump administration sees as the consumer costs of new vehicle and safety factors.

The administration has said it believes reversing fuel economy standards could save as many as 1,000 lives a year both by putting people in larger vehicles and reducing the number of miles driven by allowing the cost of operating a vehicle to increase somewhat, though experts have questioned those assumptions.

The Trump administration also believes that by getting people into new cars, even without the stricter standards, there will be less emissions, since those cars are at least somewhat better than the older ones now on the road, despite concerns from health officials and environmentalists that it could hurt air quality.

“When they take a look at this and realize they’ll be selling more new cars, I think they’re viewpoints may change,” Wheeler said of automakers, referring to the administration’s contention that stricter fuel standards have been driving up the cost of new vehicles and leaving some drivers to keep older cars and trucks rather than buying new ones.

Meanwhile, he added, there would be nothing stopping automakers from making cars and trucks more fuel efficient if they wish.

“The manufacturers can go above that,” he said. “We don’t want to dictate what (kinds of cars and trucks) Americans buy. ... The newer (more fuel efficient) cars (that are being made now) are not what people want to buy and that doesn’t help the environment.”

The EPA also noted that, as it looks at changes, that m.p.g. and greenhouse gas emissions can be impacted by everything from different drive trains and the shape of a vehicle to its window color. But as Wheeler made clear, neither he nor anyone else is interested in different standards for different states, adding that, under the proposal, California and other states could still potentially take certain other measures to improve air quality for greenhouse gases other than carbon dioxide for health reasons.

“This is not a negotiation between the state of California and the federal government,” he said. “We have a lot of stakeholders.”

NBC News

Trump administration revokes Obama-era fuel economy standards

<https://www.nbcnews.com/business/autos/trump-administration-revokes-obama-era-fuel-economy-standards-n896846>

By Paul Eisenstein, 8/2/2018

The White House announced Thursday that it is moving ahead on its much-anticipated plan to roll back the fuel economy mandate set by the Obama administration. The move is likely to mean fewer high-efficiency, zero-pollution cars on the road.

The previous guidelines, which were reached during Obama's first term, call for automakers to steadily reach a fleet average of 54.5 miles per gallon by 2025 — though with credits and other modifications, the actual figure is expected to wind up in the low to mid-40 mpg range. Thursday's announcement means the new standard would be frozen at 2020 levels, around 37 mpg.

Acting Environmental Protection Agency chief Andrew Wheeler said the agency also intends to eliminate California’s authority to set its own automotive emissions rules — guidelines that have traditionally been tougher than those put in place by the EPA for the rest of the country.

“We are delivering on President Trump’s promise to the American public that his administration would address and fix the current fuel economy and greenhouse gas emissions standards,” said Wheeler in a statement. “Our proposal aims to

strike the right regulatory balance based on the most recent information and create a 50-state solution that will enable more Americans to afford newer, safer vehicles that pollute less.”

House Minority Leader Nancy Pelosi, D-Calif., called the Trump administration's actions a "dangerous assault on clean air and public health in California and across the nation."

"President Trump's illegal and unjust attack on the vital clean air protections set by California and the 12 states that join it will choke our communities with smog," Pelosi said in a statement, promising that her state would "continue to work with automakers to overcome the Trump obstruction to build cleaner, more affordable and safe vehicles for our communities."

During a conference call with reporters, National Highway Traffic Safety Administration Deputy Administrator Heidi King said the mid-term review conducted by the Trump administration concluded the average new vehicle would increase in price by \$2,340 by 2025 — with overall costs to the country estimated at \$500 million long-term. As a result, the original, 54.5 mpg target would mean more expensive cars that many consumers couldn't afford to buy.

In turn, EPA Assistant Administrator Bill Wehrum said that would have a "detrimental impact...on highway safety" by delaying the rollout of improved vehicle technology. The two agencies estimate the proposal could reduce U.S. highway fatalities by 1,000 lives annually.

Recently departed EPA Administrator Scott Pruitt outlined the administration's plans on Corporate Average Fuel Economy, or CAFE, earlier this year, setting in motion a series of public hearings as well as a meeting between Trump and auto industry leaders to discuss a rollback.

Auto industry officials, notably including former Ford CEO Mark Fields, had vocally supported a rollback during meetings with the then-new president in 2017. Facing heavy pressure from consumer lobbying groups, they have largely been silent about a cut in mileage targets in recent months and, in some cases, have even appeared to come out in favor of keeping the Obama-era mileage targets.

Ford CEO Jim Hackett and Chairman Bill Ford recently issued a statement saying, "We support increasing clean car standards through 2025 and are not asking for a rollback."

But Ford, along with most of the rest of the industry, does want to eliminate the California waiver.

"From the automakers' perspective, they'll be happy not to deal with CARB," (the California Air Resources Board that sets emissions targets), said Dave Sargent, the head of automotive research for J.D. Power and Associates. "What they want more than anything is one set of rules. Multiple sets of rules get expensive" to meet, as that can mean designing one model for states following the California rules and another model for the rest of the country.

Environmental groups, as well as California officials, like CARB chief Mary Nichols, have made it clear they intend to fight any plan that would eliminate the Golden State's rule-making authority and while Nichols had said earlier this year that she was open to discussing a mileage rollback, she was skeptical that it could be justified.

"Our analysis clearly indicates that the car companies are fully capable of meeting the CAFE standards and they are able to do so with great savings for consumers," echoed Jack Gillis, the Consumer Federation of America's director of public affairs.

California not only supports that target but has put in place guidelines setting a minimum number of zero-emissions vehicles that all but the smallest carmakers would have to sell in that state over the coming years. California is already the country's largest market for what are commonly referred to as ZEVs, but automakers complain it will be tougher to comply in the other states that have adopted the clean-car rules, such as Vermont.

California and 16 other states, along with the District of Columbia, filed a lawsuit on May 2 challenging the planned CAFE rollback. Further legal action is expected to follow now that the administration will attempt to block the California CO2 waiver.

E&E News

EPA to Leave 2015 Ozone Standard Alone — For Now

<https://www.eenews.net/greenwire/2018/08/02/stories/1060091993>

By Sean Reilly, 8/2/2018

The Trump administration, ending 16 months of legal uncertainty, signaled yesterday that it will not seek to revise or repeal the 2015 ground-level ozone standard "at this time," while simultaneously floating the possibility of later raising the 70-parts-per-billion limit through a newly launched review

In a court filing late yesterday, agency lawyers cited an array of factors in opting against reconsideration of the Obama-era standard, including the importance of regulatory certainty and the need to focus on the new review.

While "EPA officials in the current administration may have supported making different judgements about the significance of background concentrations of ozone and how to judge what standards are requisite to protect public health and welfare, the agency at this time does not intend to revisit the 2015 rule," the attorneys wrote in the status report with the U.S. Court of Appeals for the District of Columbia Circuit.

But in the course of the new review, set to end in late 2020, the agency could explore whether raising the standard to accommodate background levels of ozone would be permissible under the Clean Air Act, the report added.

At EPA's request, the court had frozen action in a sprawling tangle of lawsuit challenging the standard in April 2017, barely a week before oral arguments were scheduled to take place. In a recent order, the court lifted that abeyance, effective yesterday. EPA and a long list of plaintiffs must now file motions by Aug. 22 to govern future proceedings.

"Personally, I am not surprised to see the announcement," Matt Kuryla, a partner in the Houston office of Baker Botts LLP, said in an interview this morning. EPA, bound by a Clean Air Act timetable, completed work on the initial round of nationwide attainment decisions for the 2015 standard last month. Already, Kuryla said, most states and areas are "very close" to meeting the 70-ppb limit.

But some state officials and industry groups challenging the standard as illegally stringent nonetheless reacted with disappointment.

"EPA made a series of procedural and technical errors when it generated the 2015 rule," Ross Eisenberg, vice president of energy and resources policy at the National Association of Manufacturers, said in a statement today. "These issues have not gone away and manufacturers must now grapple with them" as implementation proceeds.

Arkansas Attorney General Leslie Rutledge (R) is reviewing the EPA filing "and considering all options," spokeswoman Amanda Priest said in an email. Rutledge "continues to be concerned that the proposed levels are unnecessary and unachievable, and would bring great harm to Arkansas through significant job losses and a lack of economic development opportunities," Priest added.

Ozone, the main ingredient of smoggy air, is formed by the reaction of nitrogen oxides and volatile organic compounds in sunlight. It's linked to asthma attacks in children and worsened breathing problems for people with cystic fibrosis, emphysema and other chronic respiratory diseases.

In tightening the standard from 75 ppb to 70 ppb three years ago, EPA cited the need to protect the public in light of growing research on ozone's health effects.

Now, "it will be interesting to see what happens with the litigation and how actively they [Trump administration officials] defend it," Janet McCabe, an Obama appointee who headed EPA's air office when the 2015 threshold was adopted, said in an interview this morning.

But while McCabe, who now teaches law and works for an environmental advocacy group, welcomed the decision to leave the standard in place for now, she cautioned that the White House has a long-term agenda to revamp EPA's handling of assessments of the National Ambient Air Quality Standards (NAAQS) for ozone and other pollutants that encompasses other factors besides protection of public health.

"It's not like it signals any backing off of this administration's desire to look at NAAQS reviews," she said.

Under the Clean Air Act, EPA is supposed to carry out the assessments of the standards for ozone and five other common pollutants every five years, although the agency rarely meets that schedule.

Under ground rules recently laid out in response to a White House directive, EPA will now consider potential economic and energy effect of any changes to air quality standards. To meet the five-year deadline, the new review of the ozone standard must be completed by October 2020, a compressed timetable with no recent precedent.

Background ozone, which may result from stratospheric intrusions or other factors outside of regulators' direct control, was a focal point for the National Association of Manufacturers and other critics of the 2015 standard. They questioned whether Western states in particular would be penalized for ozone concentrations they could do nothing about.

But using background ozone compliance issues as a legally defensible basis for raising the national standard could be difficult.

Broaching that option is "crazy talk" intended to mollify industry, said John Walke, clean air director for the Natural Resource Defense Council.

The crux of EPA's air quality standards is protection of public health, McCabe said. "It's not about how easy or hard it's going to be get there."

In a Tuesday conference call with reporters on long-term quality trends, Bill Wehrum, EPA's current air chief, called the new assessment "a very high priority" but said no conclusion has been reached.

In yesterday's filing, EPA attorneys said the agency "cannot pre-judge the results of this review, but it will be thorough, transparent and consistent with the statutory requirements."

Acting EPA Administrator Andrew Wheeler gave President Trump and the Senate Environment and Public Works Committee a chance yesterday to assess his leadership and consider whether he deserved a permanent place at the agency's helm.

Wheeler hasn't been nominated for the EPA top job, and the White House didn't comment on Wheeler's Senate testimony, but EPW Chairman John Barrasso offered his endorsement.

"I would encourage President Trump to nominate Andrew Wheeler to be administrator of the Environmental Protection Agency," the Wyoming Republican said. "Mr. Wheeler is very well-qualified for the position."

While not endorsing Wheeler, some Democrats said they were relieved that his predecessor, Scott Pruitt, was gone.

"Although we don't see eye to eye on most environmental issues, I believe that you are making a good-faith effort to reverse the course of EPA, and often in a transparent manner," Sen. Tammy Duckworth (D-Ill.) said.

Wheeler emphasized his priority would be to fulfill the president's directives to clean the air and water and to "provide regulatory relief to help the economy thrive and create more jobs for American workers."

He talked up the agency's work at accomplishing all three goals, pointing to EPA's annual report on air quality, revisions on rules for coal ash disposal, finalized exemptions for animal waste reporting and new approvals for making biodiesel from sorghum. He also noted that on his first day as acting administrator, EPA had sent a proposed replacement for the Clean Power Plan to the White House for review by the Office of Management and Budget.

"As you can see," he said, "we are continuing the president's agenda post-haste."

Wheeler's appearance before the committee he had worked for over a decade came just shy of a month after taking charge of EPA. The acting chief faced some pointed questions from senators about the fate of the vehicle emissions rule, California's waiver authority and the renewable fuel standard (Greenwire, Aug. 1).

When asked by Sen. Deb Fischer (R-Neb.) about progress on replacing the Clean Power Plan, Wheeler said the agency was now pursuing an approach that followed the "four corners of the Clean Air Act."

The proposal would likely emerge from OMB for public comment in the next 30 to 60 days, he said.

So how did Wheeler do yesterday?

"I certainly wouldn't be surprised if the president nominates him," said Jeff Holmstead, who led EPA's air office in the George W. Bush administration and is now an attorney for Bracewell LLP. "I think he's done a great job — both within the agency and on the outside."

Bill Snape, senior counsel for the Center for Biological Diversity, said Wheeler benefits from not being Pruitt.

"He's likely not to inflict the juvenile wounds that Pruitt inflicted on himself," Snape said. "We are worried he gets away with a lot more bad stuff because he's not acting like a 19-year-old all the time."

But talk about Wheeler being confirmed is premature given Trump hasn't nominated him, said John Walke of the Natural Resources Defense Council. He suggested the president's decision could be influenced by the outcome of the midterm elections and whether Republicans keep their Senate majority.

"I don't think they will make any hasty decisions about a permanent administrator in 2018," he said.

On Wheeler's hearing testimony, Walke said, "He started out the testimony exactly right, then he spent no time at all on how he was going to clean the air and clean the water."

Water Online

EPA Provides \$135M for Innovative Groundwater Replenishment Project Expansion in Orange County

<https://www.wateronline.com/doc/epa-provides-m-for-groundwater-replenishment-project-expansion-in-orange-county-0001>

By Staff, 8/1/2018

Recently, the U.S. Environmental Protection Agency (EPA) announced a \$135M Water Infrastructure Finance and Innovation Act (WIFIA) loan to the Orange County Water District to help finance its Groundwater Replenishment System final expansion.

The announcement was made by EPA's Regional Administrator for the Pacific Southwest Mike Stoker at the project's future site on Ward Street in Fountain Valley. Stoker was joined by U.S. Congressman Dana Rohrabacher, Orange County Water District Board President Denis Bilodeau, and Orange County Sanitation District General Manager James Herberg.

"This advanced water recycling and groundwater replenishment project will provide Orange County residents and businesses with an additional local drinking water supply," said Stoker. "Not only will this project protect local water resources, it will make Orange County more resilient to future droughts."

With EPA's WIFIA loan, the Orange County Water District (OCWD) will purify treated wastewater from the Orange County Sanitation District to produce an additional 30 million gallons per day of drinking water, which will be stored in the Orange County Groundwater Basin. This additional drought-proof drinking water supply reduces the region's need to import water, benefits the environment through reduced discharges into the ocean, and increases replenishment of the local groundwater source.

"WIFIA borrowing enhances the Groundwater Replenishment System's viability," stated Bilodeau. "The WIFIA loan program creates another tool in the proverbial toolbox to finance critical water infrastructure projects like ours. The cost of borrowing is less than the private market would have been, which helps make the cost of the final expansion feasible to ratepayers. OCWD is trying to reduce reliance on imported water from the Colorado River and become self-sufficient, but OCWD won't make water at any cost."

The Orange County Water District estimates the project will cost \$282M. EPA's WIFIA loan will help finance nearly half that amount—up to \$135M. Because the WIFIA program offers loans with low interest rates, the Orange County Water District is expected to save up to \$16M compared to municipal bonds. Project construction is expected to create 700 jobs and is scheduled to begin in 2019 and be completed in 2023.

In addition to significant cost savings, a WIFIA loan permits extended repayment terms of up to 35 years, the ability to repay at any time without penalty, subordination in payment priority to other debt, flexibility when the loan is drawn with no interest accrual until funds are disbursed, and the opportunity to use the loan with other assistance like the State Revolving Fund for the remaining 51 percent of a project's cost.

"Having been a proponent of the OCWD's Ground Water Replenishment System project since its inception, I am pleased that the OCWD has received a \$135M Water Infrastructure Finance and Innovation Act loan. This loan will help finance the final expansion of the GWRS, which will increase our drought-proof water supply and provide for the water needs of future generations of Orange County residents," said Congressman Dana Rohrabacher (CA-48).

"Today marks a major milestone for EPA's WIFIA program," said EPA Office of Water Assistant Administrator David Ross. "With our loan to the Orange County Water District, EPA has issued over \$1B in WIFIA credit assistance this year, thanks to the hard work and dedication of the professionals within EPA's Office of Water."

Background

Established by the Water Infrastructure Finance and Innovation Act of 2014, the WIFIA program is a new federal loan and guarantee program at EPA that aims to accelerate investment in the nation's water infrastructure by providing long-term, low-cost supplemental credit assistance for regionally and nationally significant projects.

In April 2018, EPA announced the availability of additional WIFIA funding that could provide as much as \$5.5B in loans, which could leverage over \$11B in water infrastructure projects. The 2018 WIFIA Notice of Funding Availability (NOFA) highlights the importance of protecting public health, including reducing exposure to lead and other contaminants in drinking water systems and updating the nation's aging infrastructure. Prospective borrowers responding to the 2018 NOFA must have submitted a letter of interest by July 31, 2018. EPA is currently evaluating submitted letters of interest from prospective borrowers in response to the 2018 WIFIA notice. Through this competitive process, EPA will select projects it intends to finance and invite them to continue the application process this fall.

According to EPA's estimate of national drinking water and wastewater needs, over \$743B is needed for water infrastructure improvements. The WIFIA program plays an important part in fulfilling this need and in the President's Infrastructure Plan, which calls for increasing the program's funding authorization and expanding project eligibility.

ABC News

Trump Receives New Letter from Kim Jong Un, Sends His Reply

<https://abcnews.go.com/Politics/wireStory/white-house-trump-receives-letter-kim-jong-56986785>

By Ken Thomas, 8/2/2018

The White House said Thursday that President Donald Trump received a new letter from North Korean leader Kim Jong Un and responded quickly with a letter of his own. The correspondence, following up on their Singapore summit, came amid fresh concerns over Pyongyang's commitment to denuclearization.

Trump early Thursday tweeted his thanks to the North Korean leader "for your nice letter — I look forward to seeing you soon!"

The White House did not provide details on the specific content of the letter from Kim, received Wednesday, or of Trump's reply. White House spokeswoman Sarah Huckabee Sanders said the letters addressed their commitment to work toward North Korea's "complete denuclearization."

Sanders said no second meeting is "locked in" as a follow-up to the Singapore summit in June, but they remain open to discussions.

Trump in his tweet expressed gratitude to Kim "for keeping your word" on the return of the remains of more than 50 American service members killed during the Korean War. Vice President Mike Pence and U.S. military leaders received the remains in Hawaii during a somber ceremony on Wednesday.

The latest letter from Kim arrived on the heels of concerns over North Korea's ballistic missile program and commitment to denuclearization. Senior Trump administration officials have urged patience, cautioning that the process of denuclearizing North Korea and removing the threat of its long-range missiles will take time.

Secretary of State Mike Pompeo was headed to an Asian security meeting in Singapore, where a meeting this weekend with North Korea's foreign minister was possible.

Trump has sought to show progress from his June 12 summit with Kim. He said during a Tuesday rally in Tampa, Florida, that the U.S. was "doing well" with North Korea and noted the return of detained Americans and Pyongyang's ceasing of nuclear testing and missile tests. "A lot of good things are happening. No tests. No rockets flying. But we'll see what happens," Trump said.

U.S. officials have been closely watching North Korea's willingness to abandon its nuclear ambitions.

The Washington Post on Tuesday reported that U.S. intelligence officials suspect that North Korea is continuing to build new missiles in the same research facility that manufactured the country's ballistic missiles capable of reaching the United States.

The Post also reported that North Korean officials have talked about how they plan to deceive the U.S. about the size of their arsenal of missiles and nuclear warheads and facilities.

Bloomberg

Apple Becomes First U.S. Company to Hit \$1 Trillion Value

<https://www.bloomberg.com/news/articles/2018-08-02/apple-becomes-first-u-s-company-to-hit-1-trillion-market-value>

By: Mike Gurman, 8/2/2017

Apple Inc. became the first U.S.-based company with a market value of \$1 trillion, four decades after it was co-founded by Steve Jobs in a Silicon Valley garage and later revolutionized the worlds of computing, music and mobile communications.

The consumer-technology giant briefly touched the milestone at 11.48 a.m. in New York trading Thursday, based on share count data the company disclosed in a recent regulatory filing. PetroChina Co. briefly crossed that valuation in late 2007 but slumped quickly as oil prices collapsed in the financial crisis. Other tech giants are not far behind Apple today, with Amazon.com Inc., Alphabet Inc. and Microsoft Corp. worth more than \$800 billion each.

Since its inception in 1976, Apple has consistently re-imagined what a computer can be and defined how humans interact with devices and software. The iMac desktop computer, the iPod, iPhone, and iPad were smash hits, while commercial misses like the Newton and Lisa are still considered pioneering.

"Steve's vision was grounded in the synergy between hardware products, software services, and third-party apps and media to make sure any customer would have everything they need without ever leaving the Apple ecosystem," said Tony Fadell, who worked closely with Jobs to create the iPod digital music player.

"Layered on top of that business model, you had unparalleled product innovation, marketing excellence, combined with an untouchable retail experience," Fadell added. "There isn't another company out there that executes at Apple's level of detail, at their fit-and-finish. This trinity established Steve's vision and created the Apple we know today."

When Jobs introduced the iPhone in early 2007, its touch screen, built-in music player, web browser and email capabilities started the smartphone revolution and left competitors like Motorola and BlackBerry in the digital dust. The iPhone surpassed almost all early expectations, selling more than 1.3 billion units. It spawned the app economy, where a global army of independent developers earn a living from their software creations while increasing the utility of the device. It's now the hub for a growing services business that the company hopes will pull in \$50 billion in revenue a year by 2021.

In the 1980s and 1990s, Apple was a very different company. Jobs left in 1985 after disagreements with then-CEO John Sculley and the board. By 1997, the company was close to bankruptcy. Jobs returned and, with key lieutenants like

design head Jony Ive and operations chief Tim Cook, saved Apple and turned it into the giant it is today. Jobs cut the number of Apple products so they could all fit on a small table, bringing a knack for whittling away extraneous offerings that weren't up to scratch.

Apple faced another crisis when Jobs died in 2011 and investors worried the company couldn't thrive without his intense, hands-on product-design leadership. However, Cook has overseen the development of key new products, like the iPhone X and Apple Watch, new services like Apple Music, and research on potential new categories like self-driving cars and augmented-reality glasses.

Apple was worth about \$350 billion when Jobs died, so Cook has led the creation of even more stock-market value than his former boss and mentor. Bloomberg News asked him about the \$1 trillion target in a February interview.

"I don't really think about it," he said, suggesting that if the company keeps making successful products, financial success will follow. "I still view Apple as a pretty small company, the way that we operate. I know it's not numerically, but the way we function is very much like that."

While tapping his experience working with Jobs, and relying on the co-founder's advice, Cook has brought his own skills and strategies to the CEO position. Jobs was a maniacal manager who focused on the smallest product components. Cook relies heavily on his suite of experienced managers.

Jobs often presented nearly the entirety of Apple's launch events, while Cook typically emcees, but hands product announcements to lieutenants like marketing head Phil Schiller, software chief Craig Federighi, and services lead Eddy Cue.

"Tim and team have done a masterful job of continuing to develop Steve's vision while bringing operational and environmental excellence to every part of Apple's business to achieve their unheard-of scale while continuing to grow unprecedented margins in the consumer electronics business," Fadell said.

Jobs was averse to debt, possibly a hangover from Apple's near-brush with bankruptcy. After the iPhone, profit soared and a huge cash pile grew. Cook tackled that by borrowing vast quantities of money, making Apple one of the largest corporate bond issuers. He then used some of the cash on an unprecedented program of buybacks and dividends that has returned more than \$275 billion to shareholders since 2012.

Cook also partly reversed Jobs' product focus, adding wireless earphones, watches, a speaker and several versions of the iPhone. The latter move has helped the company maintain smartphone growth in an industry that's now contracting.

He also catapulted Apple into new areas of politics, tech industry policy and environmental responsibility. He has pushed suppliers to improve labor practices and battled with U.S. authorities over user-privacy tools like encryption.

"The odds are stacked firmly against any new leader taking the CEO reins from a founder," Fadell said. "Tim has deftly proven otherwise."

Cook's tenure hasn't been without its challenges. The company faced a backlash when it replaced Google Maps on the iPhone with a buggy and unreliable Apple Maps app in 2012. It also stopped work on its own car to take on Tesla Inc., and faced criticism earlier this year when it was discovered the company throttled iPhone processing speeds to avoid shutdowns from aging batteries.

Apple hit the \$1 trillion milestone in the wake of a new U.S. tax law that's been a boon for shareholders. The company's corporate tax rate was slashed and it's bringing hundreds of billions of overseas dollars back to the country. Much of that money will be spent on more buybacks and dividends.

Investors are also keenly awaiting a major iPhone overhaul this fall that will include the largest screen size to date and a cheaper model that includes many of the iPhone X's features.

About 11 years after launching, the device represents both the biggest opportunity and challenge for Apple and Cook. Despite surging services revenue, iPhones generated 61 percent of the company's sales in its last fiscal year, up from 56 percent in 2014.

If Apple is going to move far beyond \$1 trillion, Cook has to find the right combination of future hit hardware products and new services that thrive on those devices.

EPA News Highlights 8.2.18

The Wall Street Journal: Make Cars Great Again

During a visit to Detroit last year, President Trump announced his administration would assess and correct the current vehicle fuel-economy standards, which impose significant costs on American consumers and eliminate jobs. The administration is continuing to deliver on that promise. On Thursday the Transportation Department and Environmental Protection Agency are announcing a joint proposal to update the national automobile fuel-economy and greenhouse-gas standards to give consumers greater access to safer, more affordable vehicles, while continuing to protect the environment.

The Detroit Free Press: EPA chief: Obama fuel economy standards could cost \$500B

The Trump administration official leading the effort to change — and possibly freeze — fuel economy standards says he isn't looking for a fight with California legal or otherwise but has an obligation to revisit Obama-era standards the data suggest cost money and lives. In an interview with the Free Press on Thursday, acting EPA Administrator Andrew Wheeler said that data compiled by his agency suggest that the existing fuel economy standards could end up costing consumers some \$500 billion over the next half-century and result in 1,000 extra traffic deaths a year.

NBC News: Trump administration revokes Obama-era fuel economy standards

The White House announced Thursday that it is moving ahead on its much-anticipated plan to roll back the fuel economy mandate set by the Obama administration. The move is likely to mean fewer high-efficiency, zero-pollution cars on the road. The previous guidelines, which were reached during Obama's first term, call for automakers to steadily reach a fleet average of 54.5 miles per gallon by 2025 — though with credits and other modifications, the actual figure is expected to wind up in the low to mid-40 mpg range. Thursday's announcement means the new standard would be frozen at 2020 levels, around 37 mpg.

E&E News - EPA to Leave 2015 Ozone Standard Alone — For Now

The Trump administration, ending 16 months of legal uncertainty, signaled yesterday that it will not seek to revise or repeal the 2015 ground-level ozone standard "at this time," while simultaneously floating the possibility of later raising the 70-parts-per-billion limit through a newly launched review. In a court filing late yesterday, agency lawyers cited an array of factors in opting against reconsideration of the Obama-era standard, including the importance of regulatory certainty and the need to focus on the new review.

E&E News - Wheeler Touts Trump Agenda, Transparency in Senate Spotlight

Acting EPA Administrator Andrew Wheeler gave President Trump and the Senate Environment and Public Works Committee a chance yesterday to assess his leadership and consider whether he deserved a permanent place at the agency's helm. Wheeler hasn't been nominated for the EPA top job, and the White House didn't comment on Wheeler's Senate testimony, but EPW Chairman John Barrasso offered his endorsement.

Water Online - EPA Provides \$135M for Innovative Groundwater Replenishment Project Expansion in Orange County

Recently, the U.S. Environmental Protection Agency (EPA) announced a \$135M Water Infrastructure Finance and Innovation Act (WIFIA) loan to the Orange County Water District to help finance its

Groundwater Replenishment System final expansion. The announcement was made by EPA's Regional Administrator for the Pacific Southwest Mike Stoker at the project's future site on Ward Street in Fountain Valley. Stoker was joined by U.S. Congressman Dana Rohrabacher, Orange County Water District Board President Denis Bilodeau, and Orange County Sanitation District General Manager James Herberg.

National News 8.2.18

ABC News - Trump Receives New Letter from Kim Jong Un, Sends His Reply

The White House said Thursday that President Donald Trump received a new letter from North Korean leader Kim Jong Un and responded quickly with a letter of his own. The correspondence, following up on their Singapore summit, came amid fresh concerns over Pyongyang's commitment to denuclearization. Trump early Thursday tweeted his thanks to the North Korean leader "for your nice letter — I look forward to seeing you soon!"

Bloomberg - Apple Becomes First U.S. Company to Hit \$1 Trillion Value

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Wall Street Journal

Make Cars Great Again

<https://www.wsj.com/articles/make-cars-great-again-1533170415>

By Elaine Chao and Andrew Wheeler, 8/2/2018

The White House said Thursday that President Donald Trump received a new letter from North Korean leader Kim Jong Un and responded quickly with a letter of his own. The correspondence, following up on their Singapore summit, came amid fresh concerns over Pyongyang's commitment to denuclearization.

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The Detroit Free Press

EPA chief: Obama fuel economy standards could cost \$500B

<https://www.freep.com/story/money/cars/2018/08/02/epa-california-fuel-standards/890111002/>

By Todd Spangler, 8/2/2018

The Trump administration official leading the effort to change — and possibly freeze — fuel economy standards says he isn't looking for a fight with California legal or otherwise but has an obligation to revisit Obama-era standards the data suggest cost money and lives.

In an interview with the Free Press on Thursday, acting EPA Administrator Andrew Wheeler said that data compiled by his agency suggest that the existing fuel economy standards could end up costing consumers some \$500 billion over the next half-century and result in 1,000 extra traffic deaths a year.

Meanwhile, he said, the data collected by the EPA and the National Highway Traffic Safety Administration (NHTSA) indicate that far stricter fuel standards put in place by then-President Barack Obama in 2012 — which would mandate average mile-per-gallon in the U.S. fleet of cars and trucks of 54.5 mpg. by the 2025 model year — would result in no more than stopping an increase of 3/1000th of a degree Celsius by the year 2100 in terms of climate change.

"I certainly hope there's a resolution," Wheeler said, referring to what is likely to be a protracted battle with California — and other states following their lead in attempting to retain their ability to set m.p.g. and emission standards tougher than those put in place by the federal government. "They haven't seen the underlying data yet."

Despite what Wheeler called the “rhetoric” from California officials about additional lawsuits, he said he met with Mary Nichols, chairwoman of the California Air Resources Board, two weeks ago and that she said she would be willing to sit down and discuss the Trump administration’s proposal — and the data behind it — in the weeks to come to “see if we can come to some kind of an agreement.”

For his part, Wheeler has continued to say that while the administration’s “preferred alternative” is to freeze fuel standards after 2020 and get rid of the waiver that allows California and other states to set their own standards for vehicles — which effectively can control other states’ standards since automakers would find it difficult if not impossible to make multiple sets of the same kind of car — the agencies are open-minded about receiving new data and analysis from states, automakers and other interested parties.

A final decision on what will happen to the fuel standards — which could affect Detroit’s automakers as well as the products available to the American driving public and their cost — is expected this winter.

While Detroit’s automakers and other car and truck manufacturers had chafed in recent years under the Obama-era standards put in place in 2012, they have generally been supportive of some kind of increase in m.p.g. targets, however, while also looking for flexibility in the face of lower fuel prices that have led to increased sales of larger, less-fuel efficient vehicles.

Wheeler said if automakers have “better data and better analysis” to support some increase in fuel economy targets, he is more than willing to listen but it will have to be balanced against what the Trump administration sees as the consumer costs of new vehicle and safety factors.

The administration has said it believes reversing fuel economy standards could save as many as 1,000 lives a year both by putting people in larger vehicles and reducing the number of miles driven by allowing the cost of operating a vehicle to increase somewhat, though experts have questioned those assumptions.

The Trump administration also believes that by getting people into new cars, even without the stricter standards, there will be less emissions, since those cars are at least somewhat better than the older ones now on the road, despite concerns from health officials and environmentalists that it could hurt air quality.

“When they take a look at this and realize they’ll be selling more new cars, I think they’re viewpoints may change,” Wheeler said of automakers, referring to the administration’s contention that stricter fuel standards have been driving up the cost of new vehicles and leaving some drivers to keep older cars and trucks rather than buying new ones.

Meanwhile, he added, there would be nothing stopping automakers from making cars and trucks more fuel efficient if they wish.

“The manufacturers can go above that,” he said. “We don’t want to dictate what (kinds of cars and trucks) Americans buy. ... The newer (more fuel efficient) cars (that are being made now) are not what people want to buy and that doesn’t help the environment.”

The EPA also noted that, as it looks at changes, that m.p.g. and greenhouse gas emissions can be impacted by everything from different drive trains and the shape of a vehicle to its window color. But as Wheeler made clear, neither he nor anyone else is interested in different standards for different states, adding that, under the proposal, California and other states could still potentially take certain other measures to improve air quality for greenhouse gases other than carbon dioxide for health reasons.

"This is not a negotiation between the state of California and the federal government," he said. "We have a lot of stakeholders."

NBC News

Trump administration revokes Obama-era fuel economy standards

<https://www.nbcnews.com/business/autos/trump-administration-revokes-obama-era-fuel-economy-standards-n896846>

By Paul Eisenstein, 8/2/2018

The White House announced Thursday that it is moving ahead on its much-anticipated plan to roll back the fuel economy mandate set by the Obama administration. The move is likely to mean fewer high-efficiency, zero-pollution cars on the road.

The previous guidelines, which were reached during Obama's first term, call for automakers to steadily reach a fleet average of 54.5 miles per gallon by 2025 — though with credits and other modifications, the actual figure is expected to wind up in the low to mid-40 mpg range. Thursday's announcement means the new standard would be frozen at 2020 levels, around 37 mpg.

Acting Environmental Protection Agency chief Andrew Wheeler said the agency also intends to eliminate California's authority to set its own automotive emissions rules — guidelines that have traditionally been tougher than those put in place by the EPA for the rest of the country.

"We are delivering on President Trump's promise to the American public that his administration would address and fix the current fuel economy and greenhouse gas emissions standards," said Wheeler in a statement. "Our proposal aims to strike the right regulatory balance based on the most recent information and create a 50-state solution that will enable more Americans to afford newer, safer vehicles that pollute less."

House Minority Leader Nancy Pelosi, D-Calif., called the Trump administration's actions a "dangerous assault on clean air and public health in California and across the nation."

"President Trump's illegal and unjust attack on the vital clean air protections set by California and the 12 states that join it will choke our communities with smog," Pelosi said in a statement, promising that her state would "continue to work with automakers to overcome the Trump obstruction to build cleaner, more affordable and safe vehicles for our communities."

During a conference call with reporters, National Highway Traffic Safety Administration Deputy Administrator Heidi King said the mid-term review conducted by the Trump administration concluded the average new vehicle would increase in price by \$2,340 by 2025 — with overall costs to the country estimated at \$500 million long-term. As a result, the original, 54.5 mpg target would mean more expensive cars that many consumers couldn't afford to buy.

In turn, EPA Assistant Administrator Bill Wehrum said that would have a “detrimental impact...on highway safety” by delaying the rollout of improved vehicle technology. The two agencies estimate the proposal could reduce U.S. highway fatalities by 1,000 lives annually.

Recently departed EPA Administrator Scott Pruitt outlined the administration’s plans on Corporate Average Fuel Economy, or CAFE, earlier this year, setting in motion a series of public hearings as well as a meeting between Trump and auto industry leaders to discuss a rollback.

Auto industry officials, notably including former Ford CEO Mark Fields, had vocally supported a rollback during meetings with the then-new president in 2017. Facing heavy pressure from consumer lobbying groups, they have largely been silent about a cut in mileage targets in recent months and, in some cases, have even appeared to come out in favor of keeping the Obama-era mileage targets.

Ford CEO Jim Hackett and Chairman Bill Ford recently issued a statement saying, “We support increasing clean car standards through 2025 and are not asking for a rollback.”

But Ford, along with most of the rest of the industry, does want to eliminate the California waiver.

“From the automakers' perspective, they’ll be happy not to deal with CARB,” (the California Air Resources Board that sets emissions targets), said Dave Sargent, the head of automotive research for J.D. Power and Associates. “What they want more than anything is one set of rules. Multiple sets of rules get expensive” to meet, as that can mean designing one model for states following the California rules and another model for the rest of the country.

Environmental groups, as well as California officials, like CARB chief Mary Nichols, have made it clear they intend to fight any plan that would eliminate the Golden State’s rule-making authority and while Nichols had said earlier this year that she was open to discussing a mileage rollback, she was skeptical that it could be justified.

“Our analysis clearly indicates that the car companies are fully capable of meeting the CAFE standards and they are able to do so with great savings for consumers,” echoed Jack Gillis, the Consumer Federation of America’s director of public affairs.

California not only supports that target but has put in place guidelines setting a minimum number of zero-emissions vehicles that all but the smallest carmakers would have to sell in that state over the coming years. California is already the country’s largest market for what are commonly referred to as ZEVs, but automakers complain it will be tougher to comply in the other states that have adopted the clean-car rules, such as Vermont.

California and 16 other states, along with the District of Columbia, filed a lawsuit on May 2 challenging the planned CAFE rollback. Further legal action is expected to follow now that the administration will attempt to block the California CO2 waiver.

E&E News

EPA to Leave 2015 Ozone Standard Alone — For Now

<https://www.eenews.net/greenwire/2018/08/02/stories/1060091993>

By Sean Reilly, 8/2/2018

The Trump administration, ending 16 months of legal uncertainty, signaled yesterday that it will not seek to revise or repeal the 2015 ground-level ozone standard "at this time," while simultaneously floating the possibility of later raising the 70-parts-per-billion limit through a newly launched review

In a court filing late yesterday, agency lawyers cited an array of factors in opting against reconsideration of the Obama-era standard, including the importance of regulatory certainty and the need to focus on the new review.

While "EPA officials in the current administration may have supported making different judgements about the significance of background concentrations of ozone and how to judge what standards are requisite to protect public health and welfare, the agency at this time does not intend to revisit the 2015 rule," the attorneys wrote in the status report with the U.S. Court of Appeals for the District of Columbia Circuit.

But in the course of the new review, set to end in late 2020, the agency could explore whether raising the standard to accommodate background levels of ozone would be permissible under the Clean Air Act, the report added.

At EPA's request, the court had frozen action in a sprawling tangle of lawsuit challenging the standard in April 2017, barely a week before oral arguments were scheduled to take place. In a recent order, the court lifted that abeyance, effective yesterday. EPA and a long list of plaintiffs must now file motions by Aug. 22 to govern future proceedings.

"Personally, I am not surprised to see the announcement," Matt Kuryla, a partner in the Houston office of Baker Botts LLP, said in an interview this morning. EPA, bound by a Clean Air Act timetable, completed work on the initial round of nationwide attainment decisions for the 2015 standard last month. Already, Kuryla said, most states and areas are "very close" to meeting the 70-ppb limit.

But some state officials and industry groups challenging the standard as illegally stringent nonetheless reacted with disappointment.

"EPA made a series of procedural and technical errors when it generated the 2015 rule," Ross Eisenberg, vice president of energy and resources policy at the National Association of Manufacturers, said in a statement today. "These issues have not gone away and manufacturers must now grapple with them" as implementation proceeds.

Arkansas Attorney General Leslie Rutledge (R) is reviewing the EPA filing "and considering all options," spokeswoman Amanda Priest said in an email. Rutledge "continues to be concerned that the proposed

levels are unnecessary and unachievable, and would bring great harm to Arkansas through significant job losses and a lack of economic development opportunities," Priest added.

Ozone, the main ingredient of smoggy air, is formed by the reaction of nitrogen oxides and volatile organic compounds in sunlight. It's linked to asthma attacks in children and worsened breathing problems for people with cystic fibrosis, emphysema and other chronic respiratory diseases.

In tightening the standard from 75 ppb to 70 ppb three years ago, EPA cited the need to protect the public in light of growing research on ozone's health effects.

Now, "it will be interesting to see what happens with the litigation and how actively they [Trump administration officials] defend it," Janet McCabe, an Obama appointee who headed EPA's air office when the 2015 threshold was adopted, said in an interview this morning.

But while McCabe, who now teaches law and works for an environmental advocacy group, welcomed the decision to leave the standard in place for now, she cautioned that the White House has a long-term agenda to revamp EPA's handling of assessments of the National Ambient Air Quality Standards (NAAQS) for ozone and other pollutants that encompasses other factors besides protection of public health.

"It's not like it signals any backing off of this administration's desire to look at NAAQS reviews," she said.

Under the Clean Air Act, EPA is supposed to carry out the assessments of the standards for ozone and five other common pollutants every five years, although the agency rarely meets that schedule.

Under ground rules recently laid out in response to a White House directive, EPA will now consider potential economic and energy effect of any changes to air quality standards. To meet the five-year deadline, the new review of the ozone standard must be completed by October 2020, a compressed timetable with no recent precedent.

Background ozone, which may result from stratospheric intrusions or other factors outside of regulators' direct control, was a focal point for the National Association of Manufacturers and other critics of the 2015 standard. They questioned whether Western states in particular would be penalized for ozone concentrations they could do nothing about.

But using background ozone compliance issues as a legally defensible basis for raising the national standard could be difficult.

Broaching that option is "crazy talk" intended to mollify industry, said John Walke, clean air director for the Natural Resource Defense Council.

The crux of EPA's air quality standards is protection of public health, McCabe said. "It's not about how easy or hard it's going to be get there."

In a Tuesday conference call with reporters on long-term quality trends, Bill Wehrum, EPA's current air chief, called the new assessment "a very high priority" but said no conclusion has been reached.

In yesterday's filing, EPA attorneys said the agency "cannot pre-judge the results of this review, but it will be thorough, transparent and consistent with the statutory requirements."

E&E News

Wheeler Touts Trump Agenda, Transparency in Senate Spotlight

<https://www.eenews.net/climatewire/2018/08/02/stories/1060091909>

By: Niina Heikkinen, 8/2/2018

Acting EPA Administrator Andrew Wheeler gave President Trump and the Senate Environment and Public Works Committee a chance yesterday to assess his leadership and consider whether he deserved a permanent place at the agency's helm.

Wheeler hasn't been nominated for the EPA top job, and the White House didn't comment on Wheeler's Senate testimony, but EPW Chairman John Barrasso offered his endorsement.

"I would encourage President Trump to nominate Andrew Wheeler to be administrator of the Environmental Protection Agency," the Wyoming Republican said. "Mr. Wheeler is very well-qualified for the position."

While not endorsing Wheeler, some Democrats said they were relieved that his predecessor, Scott Pruitt, was gone.

"Although we don't see eye to eye on most environmental issues, I believe that you are making a good-faith effort to reverse the course of EPA, and often in a transparent manner," Sen. Tammy Duckworth (D-Ill.) said.

Wheeler emphasized his priority would be to fulfill the president's directives to clean the air and water and to "provide regulatory relief to help the economy thrive and create more jobs for American workers."

He talked up the agency's work at accomplishing all three goals, pointing to EPA's annual report on air quality, revisions on rules for coal ash disposal, finalized exemptions for animal waste reporting and new approvals for making biodiesel from sorghum. He also noted that on his first day as acting administrator, EPA had sent a proposed replacement for the Clean Power Plan to the White House for review by the Office of Management and Budget.

"As you can see," he said, "we are continuing the president's agenda post-haste."

Wheeler's appearance before the committee he had worked for over a decade came just shy of a month after taking charge of EPA. The acting chief faced some pointed questions from senators about the fate of the vehicle emissions rule, California's waiver authority and the renewable fuel standard (Greenwire, Aug. 1).

When asked by Sen. Deb Fischer (R-Neb.) about progress on replacing the Clean Power Plan, Wheeler said the agency was now pursuing an approach that followed the "four corners of the Clean Air Act."

The proposal would likely emerge from OMB for public comment in the next 30 to 60 days, he said.

So how did Wheeler do yesterday?

"I certainly wouldn't be surprised if the president nominates him," said Jeff Holmstead, who led EPA's air office in the George W. Bush administration and is now an attorney for Bracewell LLP. "I think he's done a great job — both within the agency and on the outside."

Bill Snape, senior counsel for the Center for Biological Diversity, said Wheeler benefits from not being Pruitt.

"He's likely not to inflict the juvenile wounds that Pruitt inflicted on himself," Snape said. "We are worried he gets away with a lot more bad stuff because he's not acting like a 19-year-old all the time."

But talk about Wheeler being confirmed is premature given Trump hasn't nominated him, said John Walke of the Natural Resources Defense Council. He suggested the president's decision could be influenced by the outcome of the midterm elections and whether Republicans keep their Senate majority.

"I don't think they will make any hasty decisions about a permanent administrator in 2018," he said.

On Wheeler's hearing testimony, Walke said, "He started out the testimony exactly right, then he spent no time at all on how he was going to clean the air and clean the water."

Water Online

EPA Provides \$135M for Innovative Groundwater Replenishment Project Expansion in Orange County

<https://www.wateronline.com/doc/epa-provides-m-for-groundwater-replenishment-project-expansion-in-orange-county-0001>

By Staff, 8/1/2018

Recently, the U.S. Environmental Protection Agency (EPA) announced a \$135M Water Infrastructure Finance and Innovation Act (WIFIA) loan to the Orange County Water District to help finance its Groundwater Replenishment System final expansion.

The announcement was made by EPA's Regional Administrator for the Pacific Southwest Mike Stoker at the project's future site on Ward Street in Fountain Valley. Stoker was joined by U.S. Congressman Dana Rohrabacher, Orange County Water District Board President Denis Bilodeau, and Orange County Sanitation District General Manager James Herberg.

“This advanced water recycling and groundwater replenishment project will provide Orange County residents and businesses with an additional local drinking water supply,” said Stoker. “Not only will this project protect local water resources, it will make Orange County more resilient to future droughts.”

With EPA’s WIFIA loan, the Orange County Water District (OCWD) will purify treated wastewater from the Orange County Sanitation District to produce an additional 30 million gallons per day of drinking water, which will be stored in the Orange County Groundwater Basin. This additional drought-proof drinking water supply reduces the region’s need to import water, benefits the environment through reduced discharges into the ocean, and increases replenishment of the local groundwater source.

“WIFIA borrowing enhances the Groundwater Replenishment System’s viability,” stated Bilodeau. “The WIFIA loan program creates another tool in the proverbial toolbox to finance critical water infrastructure projects like ours. The cost of borrowing is less than the private market would have been, which helps make the cost of the final expansion feasible to ratepayers. OCWD is trying to reduce reliance on imported water from the Colorado River and become self-sufficient, but OCWD won’t make water at any cost.”

The Orange County Water District estimates the project will cost \$282M. EPA’s WIFIA loan will help finance nearly half that amount—up to \$135M. Because the WIFIA program offers loans with low interest rates, the Orange County Water District is expected to save up to \$16M compared to municipal bonds. Project construction is expected to create 700 jobs and is scheduled to begin in 2019 and be completed in 2023.

In addition to significant cost savings, a WIFIA loan permits extended repayment terms of up to 35 years, the ability to repay at any time without penalty, subordination in payment priority to other debt, flexibility when the loan is drawn with no interest accrual until funds are disbursed, and the opportunity to use the loan with other assistance like the State Revolving Fund for the remaining 51 percent of a project’s cost.

“Having been a proponent of the OCWD’s Ground Water Replenishment System project since its inception, I am pleased that the OCWD has received a \$135M Water Infrastructure Finance and Innovation Act loan. This loan will help finance the final expansion of the GWRS, which will increase our drought-proof water supply and provide for the water needs of future generations of Orange County residents,” said Congressman Dana Rohrabacher (CA-48).

“Today marks a major milestone for EPA’s WIFIA program,” said EPA Office of Water Assistant Administrator David Ross. “With our loan to the Orange County Water District, EPA has issued over \$1B in WIFIA credit assistance this year, thanks to the hard work and dedication of the professionals within EPA’s Office of Water.”

Background

Established by the Water Infrastructure Finance and Innovation Act of 2014, the WIFIA program is a new federal loan and guarantee program at EPA that aims to accelerate investment in the nation’s water infrastructure by providing long-term, low-cost supplemental credit assistance for regionally and nationally significant projects.

In April 2018, EPA announced the availability of additional WIFIA funding that could provide as much as \$5.5B in loans, which could leverage over \$11B in water infrastructure projects. The 2018 WIFIA Notice of Funding Availability (NOFA) highlights the importance of protecting public health, including reducing exposure to lead and other contaminants in drinking water systems and updating the nation's aging infrastructure. Prospective borrowers responding to the 2018 NOFA must have submitted a letter of interest by July 31, 2018. EPA is currently evaluating submitted letters of interest from prospective borrowers in response to the 2018 WIFIA notice. Through this competitive process, EPA will select projects it intends to finance and invite them to continue the application process this fall.

According to EPA's estimate of national drinking water and wastewater needs, over \$743B is needed for water infrastructure improvements. The WIFIA program plays an important part in fulfilling this need and in the President's Infrastructure Plan, which calls for increasing the program's funding authorization and expanding project eligibility.

ABC News

Trump Receives New Letter from Kim Jong Un, Sends His Reply

<https://abcnews.go.com/Politics/wireStory/white-house-trump-receives-letter-kim-jong-56986785>

By Ken Thomas, 8/2/2018

The White House said Thursday that President Donald Trump received a new letter from North Korean leader Kim Jong Un and responded quickly with a letter of his own. The correspondence, following up on their Singapore summit, came amid fresh concerns over Pyongyang's commitment to denuclearization.

Trump early Thursday tweeted his thanks to the North Korean leader "for your nice letter — I look forward to seeing you soon!"

The White House did not provide details on the specific content of the letter from Kim, received Wednesday, or of Trump's reply. White House spokeswoman Sarah Huckabee Sanders said the letters addressed their commitment to work toward North Korea's "complete denuclearization."

Sanders said no second meeting is "locked in" as a follow-up to the Singapore summit in June, but they remain open to discussions.

Trump in his tweet expressed gratitude to Kim "for keeping your word" on the return of the remains of more than 50 American service members killed during the Korean War. Vice President Mike Pence and U.S. military leaders received the remains in Hawaii during a somber ceremony on Wednesday.

The latest letter from Kim arrived on the heels of concerns over North Korea's ballistic missile program and commitment to denuclearization. Senior Trump administration officials have urged patience, cautioning that the process of denuclearizing North Korea and removing the threat of its long-range missiles will take time.

Secretary of State Mike Pompeo was headed to an Asian security meeting in Singapore, where a meeting this weekend with North Korea's foreign minister was possible.

Trump has sought to show progress from his June 12 summit with Kim. He said during a Tuesday rally in Tampa, Florida, that the U.S. was "doing well" with North Korea and noted the return of detained Americans and Pyongyang's ceasing of nuclear testing and missile tests. "A lot of good things are happening. No tests. No rockets flying. But we'll see what happens," Trump said.

U.S. officials have been closely watching North Korea's willingness to abandon its nuclear ambitions.

The Washington Post on Tuesday reported that U.S. intelligence officials suspect that North Korea is continuing to build new missiles in the same research facility that manufactured the country's ballistic missiles capable of reaching the United States.

The Post also reported that North Korean officials have talked about how they plan to deceive the U.S. about the size of their arsenal of missiles and nuclear warheads and facilities.

Bloomberg

Apple Becomes First U.S. Company to Hit \$1 Trillion Value

<https://www.bloomberg.com/news/articles/2018-08-02/apple-becomes-first-u-s-company-to-hit-1-trillion-market-value>

By: Mike Gorman, 8/2/2017

Apple Inc. became the first U.S.-based company with a market value of \$1 trillion, four decades after it was co-founded by Steve Jobs in a Silicon Valley garage and later revolutionized the worlds of computing, music and mobile communications.

The consumer-technology giant briefly touched the milestone at 11.48 a.m. in New York trading Thursday, based on share count data the company disclosed in a recent regulatory filing. PetroChina Co. briefly crossed that valuation in late 2007 but slumped quickly as oil prices collapsed in the financial crisis. Other tech giants are not far behind Apple today, with Amazon.com Inc., Alphabet Inc. and Microsoft Corp. worth more than \$800 billion each.

Since its inception in 1976, Apple has consistently re-imagined what a computer can be and defined how humans interact with devices and software. The iMac desktop computer, the iPod, iPhone, and iPad were smash hits, while commercial misses like the Newton and Lisa are still considered pioneering.

"Steve's vision was grounded in the synergy between hardware products, software services, and third-party apps and media to make sure any customer would have everything they need without ever leaving the Apple ecosystem," said Tony Fadell, who worked closely with Jobs to create the iPod digital music player.

"Layered on top of that business model, you had unparalleled product innovation, marketing excellence, combined with an untouchable retail experience," Fadell added. "There isn't another company out there that executes at Apple's level of detail, at their fit-and-finish. This trinity established Steve's vision and created the Apple we know today."

When Jobs introduced the iPhone in early 2007, its touch screen, built-in music player, web browser and email capabilities started the smartphone revolution and left competitors like Motorola and BlackBerry in the digital dust. The iPhone surpassed almost all early expectations, selling more than 1.3 billion units. It spawned the app economy, where a global army of independent developers earn a living from their software creations while increasing the utility of the device. It's now the hub for a growing services business that the company hopes will pull in \$50 billion in revenue a year by 2021.

In the 1980s and 1990s, Apple was a very different company. Jobs left in 1985 after disagreements with then-CEO John Sculley and the board. By 1997, the company was close to bankruptcy. Jobs returned and, with key lieutenants like design head Jony Ive and operations chief Tim Cook, saved Apple and turned it into the giant it is today. Jobs cut the number of Apple products so they could all fit on a small table, bringing a knack for whittling away extraneous offerings that weren't up to scratch.

Apple faced another crisis when Jobs died in 2011 and investors worried the company couldn't thrive without his intense, hands-on product-design leadership. However, Cook has overseen the development of key new products, like the iPhone X and Apple Watch, new services like Apple Music, and research on potential new categories like self-driving cars and augmented-reality glasses.

Apple was worth about \$350 billion when Jobs died, so Cook has led the creation of even more stock-market value than his former boss and mentor. Bloomberg News asked him about the \$1 trillion target in a February interview.

"I don't really think about it," he said, suggesting that if the company keeps making successful products, financial success will follow. "I still view Apple as a pretty small company, the way that we operate. I know it's not numerically, but the way we function is very much like that."

While tapping his experience working with Jobs, and relying on the co-founder's advice, Cook has brought his own skills and strategies to the CEO position. Jobs was a maniacal manager who focused on the smallest product components. Cook relies heavily on his suite of experienced managers.

Jobs often presented nearly the entirety of Apple's launch events, while Cook typically emcees, but hands product announcements to lieutenants like marketing head Phil Schiller, software chief Craig Federighi, and services lead Eddy Cue.

"Tim and team have done a masterful job of continuing to develop Steve's vision while bringing operational and environmental excellence to every part of Apple's business to achieve their unheard-of scale while continuing to grow unprecedented margins in the consumer electronics business," Fadell said.

Jobs was averse to debt, possibly a hangover from Apple's near-brush with bankruptcy. After the iPhone, profit soared and a huge cash pile grew. Cook tackled that by borrowing vast quantities of money, making Apple one of the largest corporate bond issuers. He then used some of the cash on an unprecedented program of buybacks and dividends that has returned more than \$275 billion to shareholders since 2012.

Cook also partly reversed Jobs' product focus, adding wireless earphones, watches, a speaker and several versions of the iPhone. The latter move has helped the company maintain smartphone growth in an industry that's now contracting.

He also catapulted Apple into new areas of politics, tech industry policy and environmental responsibility. He has pushed suppliers to improve labor practices and battled with U.S. authorities over user-privacy tools like encryption.

"The odds are stacked firmly against any new leader taking the CEO reins from a founder," Fadell said. "Tim has deftly proven otherwise."

Cook's tenure hasn't been without its challenges. The company faced a backlash when it replaced Google Maps on the iPhone with a buggy and unreliable Apple Maps app in 2012. It also stopped work on its own car to take on Tesla Inc., and faced criticism earlier this year when it was discovered the company throttled iPhone processing speeds to avoid shutdowns from aging batteries.

Apple hit the \$1 trillion milestone in the wake of a new U.S. tax law that's been a boon for shareholders. The company's corporate tax rate was slashed and it's bringing hundreds of billions of overseas dollars back to the country. Much of that money will be spent on more buybacks and dividends.

Investors are also keenly awaiting a major iPhone overhaul this fall that will include the largest screen size to date and a cheaper model that includes many of the iPhone X's features.

About 11 years after launching, the device represents both the biggest opportunity and challenge for Apple and Cook. Despite surging services revenue, iPhones generated 61 percent of the company's sales in its last fiscal year, up from 56 percent in 2014.

If Apple is going to move far beyond \$1 trillion, Cook has to find the right combination of future hit hardware products and new services that thrive on those devices.

Message

From: Bolen, Brittany [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=31E872A691114372B5A6A88482A66E48-BOLEN, BRIT]
Sent: 8/2/2018 7:56:05 PM
To: **Ex. 6 - Administrator's Email** Jackson, Ryan
[/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=38bc8e18791a47d88a279db2fec8bd60-Jackson, Ry]
Subject: **Ex. 5 / Deliberative Process**
Attachments:

I will get a one-pager, but here is the document we submitted for review.

0000

Message

From: Jackson, Ryan [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=38BC8E18791A47D88A279DB2FEC8BD60-JACKSON, RY]
Sent: 8/2/2018 5:45:54 PM
To: **Ex. 6 - Administrator's Email**
Subject: FW: August West Wing Renovations

So the Mess is going to be closed next week for the next couple of weeks.

From: Mocarski, Ashley D. EOP/WHO [mailto:Ex. 6 - Personal Privacy Interest]
Sent: Thursday, August 2, 2018 12:57 PM
To: McGinley, William J. EOP/WHO Ex. 6 - Personal Privacy Interest; Connor, Cameron M. EOP/WHO
<Ex. 6 - Personal Privacy Interest>; Riggs, Charlotte R. EOP/WHO Ex. 6 - Personal Privacy Interest; McBride, Emily J. EOP/WHO <Ex. 6 - Personal Privacy Interest>; Paranzino, Anthony M. EOP/WHO Ex. 6 - Personal Privacy Interest; Flynn, Matthew J. EOP/WHO Ex. 6 - Personal Privacy Interest
Subject: August West Wing Renovations

For your situational awareness, the Navy Mess dining rooms will be closed from August 4 until August 19, and there will be no reservations available during this time. However, the White House Complex is otherwise fully operational while the President is in Bedminster, NJ, and West Wing Tours will proceed as scheduled. Some rooms on the tour route may be closed 8/3-12, but groups should be able to view the Cabinet Room and the Oval Office.

Please call with any questions.

Ashley D. Mocarski
Senior Director for Cabinet Affairs | Office of Cabinet Affairs

Ex. 6 - Personal Privacy Interest

From: E&E News [ealerts@eenews.net]
Sent: 8/2/2018 5:39:29 PM
To:
Subject: August 2 -- Greenwire is ready

Ex. 6 - Administrator's Email

[Read today's Greenwire on the web](#)

GREENWIRE

AN E&E NEWS PUBLICATION

GREENWIRE — Thu., August 2, 2018

 [READ FULL EDITION](#)

1. FUEL EFFICIENCY:

Ex-staffer: Trump team steamrolled EPA on auto proposal

Department of Transportation political appointees elbowed aside EPA career staffers in their rush to finalize a proposal for weakening Obama-era clean car rules, a former EPA official told E&E News. "EPA staff had basically nothing to do with that entire document and analysis," said Jeff Alson, formerly of EPA's Office of Transportation and Air Quality.

TOP STORIES

2. FUEL EFFICIENCY:

Researchers not thrilled to see their work in Trump proposal

3. AIR POLLUTION:

EPA to leave 2015 ozone standard alone — for now

4. WHITE HOUSE:

Budget document silent on climate, clean energy

POLITICS

5. FUEL EFFICIENCY:

'Fight is far from over' on car rules — Democrats

6. FUEL EFFICIENCY:

States decry Trump's 'brazen attack,' plan legal fight

NATURAL RESOURCES

7. HYDROPOWER:

BLM advances contested project near Joshua Tree

8. CHESAPEAKE BAY:

Md. wants other states to do their share on floating garbage

9. GULF OF MEXICO:

Disturbing trend continues as pregnant dolphin is found shot

10. YELLOWSTONE:

Incoming director wants to keep politics out of parks

11. WILDFIRES:

Last 4 missing found alive as weather worsens in Calif.

12. FISHERIES:

How invasive shrimp could be clouding Lake Tahoe's waters

LAW

13. INTERIOR:

Greens sue to block 'trophy hunting enthusiasts' panel

14. CLEAN WATER RULE:

Local officials ask court to protect WOTUS

15. FLINT CRISIS:

Mich. governor, state dismissed from class-action lawsuit

16. FEMA:

Judge orders another aid extension for Puerto Rico evacuees

ENERGY

17. NUCLEAR WASTE:

Groundwater OK after uranium leak — S.C. officials

18. PIPELINES:

Explosions injure 7 in West Texas

AIR AND WATER

19. AIR POLLUTION:

N.J. 'back in business' with 6 lawsuits

20. AIR POLLUTION:

Federal lawsuit challenges limited EPA smog rules in Wis.

STATES

21. PENNSYLVANIA:

Fish and Boat Commission head to retire after fallout with lawmakers

22. WISCONSIN:

State will backtrack and use park rangers again

INTERNATIONAL

23. ICELAND:

Minke whale hunt stops early

24. MEXICO:

Capital's first female mayor wants car firms' help on smog

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Sent: 8/2/2018 12:56:57 PM

To: **Ex. 6 - Administrator's Email**

Subject: E&E News Alert: Trump proposes rollback of Obama's clean car rules

[Read this news alert on the web](#)

E&E NEWS

NEWS ALERT

E&E NEWS — Thu., August 2, 2018 at 8:48 AM

FUEL EFFICIENCY:

Trump proposes rollback of Obama's clean car rules

The Trump administration today formally proposed weakening Obama-era clean car rules and pre-empting states from setting tougher standards.

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Sent: 8/2/2018 11:45:02 AM

To: **Ex. 6 - Administrator's Email**

Subject: August 2 -- Energywire is ready

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ENERGYWIRE

AN E&E NEWS PUBLICATION

ENERGYWIRE — Thu., August 2, 2018



READ FULL EDITION

1. NUCLEAR:

Pa. braces for impact as Three Mile Island nears closure

LONDONDERRY TOWNSHIP, Pa. — Three Mile Island, the plant made famous for a partial meltdown in 1979 that fomented anti-nuclear sentiment, is being felled by a new foe: natural gas.

TOP STORIES

2. PIPELINES:

Court upholds Va. permits for Mountain Valley project

ELECTRICITY

3. SECURITY:

'Raspite' hackers target U.S. utilities — cybersecurity firm

4. GRID:

Report sees flaws in DOE plan to support coal, nuclear plants

5. MARKETS:

Trump's making U.S. coal exports the greatest they've ever been

TECHNOLOGY

6. ELECTRIC VEHICLES:

Conrite Musk says Tesla is steadying

7. ELECTRIC VEHICLES:

Volkswagen mulls own production of battery cells in Europe

8. ELECTRIC VEHICLES:

Is burnout getting the best of Tesla?

9. HYDRAULIC FRACTURING:

Mexico's new president says he'll end fracking

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Sent: 8/2/2018 11:23:19 AM
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Subject: August 2 -- Climatewire is ready

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CLIMATEWIRE

AN E&E NEWS PUBLICATION

CLIMATEWIRE — Thu., August 2, 2018

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1. EPA:

Companies once allied with Wheeler ask his agency for help

The administration of President Trump, who campaigned on "draining the swamp," hasn't blocked acting EPA Administrator Andrew Wheeler from getting involved with 14 companies that Wheeler represented as a lobbyist with Faegre Baker Daniels LLP.

TOP STORIES

2. CAR RULES:

White House tilts interagency grudge match

3. CAR RULES:

Attack on Calif. climate program unlikely to halt EV market

SCIENCE

4. SCIENCE:

Last year broke climate records left and right. So may 2018

5. WILDFIRE:

Studies track health impacts, effects of wind

SOCIETY

6. MEDIA:

Mag prints 70-page climate story, leaves some unsatisfied

POLITICS

7. EPA:

Wheeler touts Trump agenda, transparency in Senate spotlight

TRANSPORTATION

8. AUTOS:

Driverless car company expected to launch in Ariz. soon

9. DIESELGATE:

VW has lost too many engineers to meet new rules

HEAT WAVES

10. NUCLEAR:

Prices spike as Norwegian utilities cope with warm water

11. HEAT WAVES:

Temps reach 122 degrees in Mexicali, killing 7

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E&E DAILY



AN E&E NEWS PUBLICATION

E&E DAILY — Thu., August 2, 2018



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1. SUPREME COURT:

Greens' playbook includes targeting vulnerable senators

Environmentalists are hoping to use Judge Brett Kavanaugh's decisions on the U.S. Court of Appeals for the District of Columbia Circuit to make their case against the high court nominee.

TOP STORIES

2. EPA:

'There's no sense in rushing' Wheeler — Inhofe

3. CAMPAIGN 2018:

Mining industry floods Heller with cash

4. HOUSE:

Political foes find friendship and a possible parks crisis fix

ON THE HILL

5. LAW:

Judge pick says he's too 'cheap' to join Federalist Society

6. AGRICULTURE:

Senate appoints farm bill conferees

7. WATER POLICY:

Brian Mast introduces algal blooms authorization bill

POLITICS

8. CAMPAIGN 2018:

Obama endorses 81 candidates in fall elections

UPCOMING HEARINGS AND MARKUPS

9. CALENDAR:

Activity for July 30 - August 5, 2018

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Sent: 8/2/2018 9:47:31 AM

To: **Ex. 6 - Administrator's Email**

Subject: Morning Energy, presented by ExxonMobil: As wildfires rage, Democrats quiet on climate change — Trouble's a brewing? — EPA sticks with ozone standard

By Kelsey Tamborrino | 08/02/2018 05:45 AM EDT

With help from Anthony Adragna, Eric Wolff and Alex Guillén

DEMOCRATS KEEPING QUIET ON CLIMATE: With wildfires raging in California and rising temperatures shattering records across the globe, Democratic lawmakers have remained markedly silent on the link between extreme weather and climate change — and it hasn't gone unnoticed. "The mainstream Democratic party and those candidates aren't talking about this as much as they should be, and they aren't talking about it in a compelling way," Jamie Henn, strategy and communications director at the climate advocacy group 350.org, told POLITICO.

But Democrats on the Hill say they don't need to connect the dots for the public — allowing them to sidestep any partisan bickering on the topic that could push voters into entrenched positions, Pro's Anthony Adragna and Emily Holden report this morning. "It's more effective if we allow people to draw their own conclusions," said Hawaii Sen. [Brian Schatz](#). "What we've found is independents and Republicans are moving in our direction. The moment we turn it into a partisan question, people put their uniforms back on and take their positions," Schatz added.

And, as her state battles 17 wildfires and a devastating heat wave, California Sen. [Kamala Harris](#) says she'd rather focus on disaster response ahead of messaging around climate change. "The first thing I want to see is that we extinguish those fires and get all those firefighters and those families out in a way that they're all going to be safe," she said. "... [But] we always can do more to highlight the importance of paying attention to climate change." Still, Harris, who's seen as a potential 2020 presidential candidate, [tweeted](#) about wildfires and climate change on Tuesday, after POLITICO reached out. "Since 2012, there hasn't been a month in California without a wildfire burning. It didn't use to be this way," she wrote. "Now is the time to act on climate change." [Read more.](#)

WELCOME TO THURSDAY! I'm your host, Kelsey Tamborrino, back in the saddle after a few days on the beach. Andeavor's Kip Knudson was the first to correctly guess the last time an incumbent governor and senator from the same state but opposite parties lost reelection on the same day. It was Republican Sean Parnell who lost the Alaska governor's race to the "unity ticket" of Independent Bill Walker and Democrat Byron Mallott on the same day that Democratic Sen. Mark Begich lost his seat to Republican [Dan Sullivan](#) in 2014. For today: Before 2018, what year marked the last time the Senate drastically shortened its August recess during an election year? Send your tips, energy gossip and comments to ktamborrino@politico.com, or follow us on Twitter [@kelseytam](#), [@Morning_Energy](#) and [@POLITICOPro](#).

FOR YOUR RADAR: The Trump administration's proposal on fuel economy and emissions rules is expected to be released as early as this morning. Leaked drafts of the emissions rule suggest EPA will propose revoking California's waiver allowing it to enforce higher standards because the National Highway Traffic Safety Administration plans to weaken fuel economy standards. Acting EPA Administrator Andrew Wheeler told a Senate EPW hearing on Wednesday that he would be interested in striking a deal on the emissions rules with California and the auto industry, but [reiterated](#) that federal concerns over traffic safety must be addressed.

TROUBLE'S A BREWING? Interior Secretary Ryan Zinke's dream of opening a microbrewery in his hometown of Whitefish, Mont., and whether he colluded to have the chairman of Halliburton help him build it will be the subject of an investigation by his department's inspector general. But in Whitefish, brewers and city officials alike have long known of Zinke's desire to run a microbrewery of his own, they told POLITICO's Ben Lefebvre. Over the course of six years, Zinke submitted plans to the city council, discussed the his idea with other business leaders and personally tried to change local zoning laws to make them more hospitable to such a business, Ben reports, all with an eye toward opening a Whitefish microbrewery, which he planned to name "Double Tap," a nod to the SEAL term for two gunshots. Read the story.

EPA STICKS WITH OZONE STANDARD: After studying the Obama-era ozone standard for more than a year, EPA told a federal court Wednesday it will not revise or repeal the rule — undercutting a campaign-trail promise made by then-candidate Donald Trump. EPA will instead defend the 2015 rule in court as it moves forward with the next scheduled review of the ozone rule, which is due in 2020, Pro's Alex Guillén reports.

The move marks a big win for greens, who are defending the rule in court against challenges from both industry groups and Republican attorneys general as well as pursuing their own lawsuits arguing the 2015 standard is too weak. But it places EPA in an awkward position: The agency will now defend the Obama administration's rule in a lawsuit originally brought by former EPA chief Scott Pruitt while he was Oklahoma's attorney general and Murray Energy, the coal company that Wheeler lobbied for before joining EPA. (Wheeler and his former firm were not involved with Murray's lawsuit, and Wheeler did not report lobbying EPA on the issue for Murray.)

Also in ozone news: The environmental group Clean Wisconsin has sued EPA over its ozone designations in the state, including Racine County, home of the future \$10 billion Foxconn flat-screen manufacturing plant. EPA had previously proposed designating Racine as not meeting the 2015 standard. But after lobbying from Gov. Scott Walker, the agency in May reversed course and said Racine's air quality is adequate, avoiding potentially costly pollution controls or other expenses for Foxconn. The suit was filed in the U.S. Court of Appeals for the Federal Circuit in Washington.

ERNST, GRASSLEY, WHEELER TO HAVE BREAKFAST TODAY: Iowa Sens. Chuck Grassley and Joni Ernst will have breakfast with Wheeler today, according to a Senate Republican source. Hopefully Wheeler isn't tired of talking about the Renewable Fuel Standard, because it's going to be all ethanol, all the way. (He may never look at a corn muffin the same way again.)

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RFA: EPA IS WORKING ON AN E15 RULE: Bob Dinneen, the outgoing CEO of the Renewable Fuels Association, told reporters Wednesday that he thinks EPA staff is working on a rule to allow year-round sales of 15 percent ethanol fuel, despite what Wheeler told Senate EPW earlier in the day. "We can certainly start that process," Wheeler said, indicating the agency hadn't begun work on an E15 regulation. "What [Wheeler] said today is inconsistent with what I've been hearing from both career and political staff," Dinneen said. "They're not just getting started on it. They've done a lot of work on it. ... I know staff at the agency have been working on the legal support for the waiver."

Who's afraid of 2022? RFA has generally been unwilling to make concessions in legislative negotiations led by Rep. John Shimkus (R-Ill.) and Sen. John Cornyn (R-Texas), largely because it believes the RFS is working well the way it is, and under incoming CEO Geoff Cooper, that won't change. "We're not terribly concerned that EPA or others are going to see the reset process as an opportunity to muck things up," Dinneen said, adding that the biofuel industry and its congressional advocates only want a Clean Air Act waiver for higher Reid Vapor Pressure, which would allow year-round sales of E15. "The biggest stumbling block today is the fact that RVP

is still being held hostage," he said. "We're like, enough. They have to get that one done. ... The analogy I've used is, even Kim Jong Un understood that if you want to have a meeting with the president, you have to give up a few hostages. We're saying, give up your hostages."

SETTING THE TONE: Senior Senate appropriators view the overwhelming 92-6 vote in favor of the four-title minibus Wednesday as strengthening their case in conference for a final bill free of policy riders sure to derail their hopes of having the bills reach the president's desk. "It's a very clear statement from the Senate about the focus on straight appropriations and trying to avoid the controversial pitfalls that held us back before," Sen. Lisa Murkowski, who chairs the subcommittee responsible for the Interior and Environment title, told reporters. "The fact we had such a strong vote on these four measures, I think is pretty telling." Senate Appropriations Chairman Richard Shelby echoed that idea: "The cleaner the bill, the better," he said.

NO DEAL: Senators left Washington on Wednesday without a clear path forward for reauthorizing the Land and Water Conservation Fund. Remember Sen. Richard Burr has vowed to hold up all types of legislation until he secures a vote. "I think we convinced everybody they're going to have an opportunity to vote on it multiple times," he told reporters.

— **In a bipartisan letter to Senate leadership**, 14 senators, led by Burr, called for mandatory full funding in any package to reauthorize LWCF permanently.

PHMSA WEIGHS CUT TO SAFETY RULE: The Pipeline and Hazardous Materials Safety Administration is considering a rollback of the decades-old regulation known as the "class location system" that requires energy companies to replace old pipelines in newly populated areas, Ben reports. The move is backed by pipeline operators, and PHMSA says it falls in line with Trump's executive order to cut regulatory costs and eliminate two rules for every new one created.

But even PHMSA regulators have expressed reservations about the possible change due to the risks of ruptures, Ben reports. "Over the past decade, PHMSA observed problems with pipe and fitting manufacturing quality, including low-strength material; construction practices; welding; field coating practices; [integrity management] assessments and reassessment practices; and record documentation practices," the agency says in the Federal Register notice.

WILDLIFE GROUPS SUE OVER INTERIOR COUNCIL: Conservation groups, including the the Natural Resources Defense Council and the Center for Biological Diversity, sued Wednesday over Interior's International Wildlife Conservation Council, which they say was illegally formed under the Trump administration. The lawsuit, filed with the U.S. District Court for the Southern District of New York, claims the advisory panel that has come under fire for the big-game trophy hunters among its ranks violates the Federal Advisory Committee Act. Read the lawsuit.

COURT UPHOLDS VIRGINIA REVIEW OF PIPELINE: The U.S. Court of Appeals for the 4th Circuit rejected environmentalists' argument Wednesday that Virginia unlawfully granted a water permit for the \$3.5 billion Mountain Valley pipeline. The three-judge panel rejected arguments from greens, including Sierra Club and Appalachian Voices, and said there was "no purpose we would serve by stepping in and second-guessing the analytical methods Virginia deemed appropriate to provide it with reasonable assurance that its water quality would be protected."

WELCOME WAGON: Trump's pick to be director of the Office of Science and Technology Policy said he was "deeply honored" by the nomination on Wednesday. "I look forward to the Senate confirmation process! Your expressions of support mean a great deal to me — thank you very much!" tweeted Kelvin Droegemeier — who, it should be noted, has one of the best names for a science nominee your ME host has seen.

REPORT: EVs TO GROW BY 2030: Interest in electric vehicles is growing, but utilities and manufacturers could do more to accelerate construction and bolster ongoing management of charging, according to a [new report](#) from GTM Research. Today's report is the first in a series from GTM on EV infrastructure. It found EVs are expected to make up approximately 11 percent of new vehicle sales by 2030, when there will be an estimated 12 million residential charging points and 1.2 million public charging points installed in North America.

TAKE A LOOK! Advanced Energy Economy and Citizens for Responsible Energy Solutions Forum released a new [white paper](#) today with five recommendations on how to modernize the electric grid to make it "more clean, secure, and affordable."

VISUALIZE IT: Pro's DataPoint team takes a look at political appointees to Trump's EPA and how they stopped progress on a formaldehyde [report](#) developed by the agency's Integrated Risk Information System. Check out the DataPoint graphic [here](#). Want to add [DataPoint](#) to your Pro account? [Learn more](#).

QUICK HITS

- "Snyder dismissed from Flint contaminated water class-action lawsuit," [The Detroit News](#).
- "Federal agency pauses tree-removal plan to help sage grouse," [The Associated Press](#).
- "Trump mileage proposal claims to cut car costs and road deaths," [The Washington Post](#).
- "Mexico's Pemex to focus on developing projects in regions with infrastructure, says CEO," [S&P Global Platts](#).
- "Here's another climate change concern: Superheated bugs in the soil, belching carbon," [McClatchy](#).
- "Science pick diverges from Trump team on climate, energy," [E&E News](#).

HAPPENING TODAY

9:15 a.m. — The National Academy of Sciences [workshop](#) on "Sustainable Diets, Food, and Nutrition," 2101 Constitution Avenue NW.

12 p.m. — Women's Council on Energy and the Environment [discussion](#) on "Science in the Capitol: Turning Science into Policy," 101 Constitution Avenue NW.

4 p.m. — The National Academy of Sciences' Ocean Studies Board [webinar](#) on "Environmental Interventions to Promote Coral Reef Persistence."

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<https://subscriber.politicopro.com/newsletters/morning-energy/2018/08/as-wildfires-rage-democrats-quiet-on-climate-change-303901>

Stories from POLITICO Pro

Democrats quiet on climate change as wildfires rage [Back](#)

By Anthony Adragna and Emily Holden | 08/02/2018 05:00 AM EDT

More than a dozen wildfires are raging in California, record rainfall has deluged parts of the East Coast and heat waves have spread around the globe — but Democratic lawmakers are wary of trumpeting the extreme weather as the latest sign of climate change.

Instead, the party's most vocal advocates for climate change action say they're confident that after years of dire warnings and increasingly devastating weather events the public will connect the dots — without them wading in and starting a partisan bickering match that pushes voters into entrenched positions.

"Scientists are in real time warning families about this danger and we think the more this continues, the more this is going to be injected into the campaign as a huge issue," Sen. [Ed Markey](#) (D-Mass.) said. "I just think when it's the lead story every night on national television, the American public is getting it."

The Trump administration has worked aggressively to erase former President Barack Obama's climate change initiatives like the international Paris Agreement and carbon regulations for power plants, even scrubbing references to climate change from government websites.

But in California, Gov. Jerry Brown [told a news conference](#) Wednesday that the rising temperatures and devastating fires that had been predicted to hit the state in the coming decades were "now occurring in real time," and the state should expect costs to climb into the billions of dollars over the next several years.

The state is battling 17 wildfires as a heat wave there has lifted temperatures there into the triple digits. Scientists say high temperatures and dry conditions mean wildfires are bigger and harder to fight, and the season will soon last year-round.

But congressional Democrats — who were similarly [quiet](#) on record-setting hurricanes in the fall — say they believe people will assess the evidence on their own and see the link between human-caused climate change and extreme weather.

"It's more effective if we allow people to draw their own conclusions." Sen. [Brian Schatz](#) (D-Hawaii) told POLITICO.

"What we've found is Independents and Republicans are moving in our direction. The moment we turn it into a partisan question, people put their uniforms back on and take their positions," he said. "There's a broad recognition across the country that the weather is getting weirder and more severe, but if you put it in a conversation about [liberal activist] Tom Steyer and Al Gore, people who would otherwise be allies freak out."

Schatz said Democrats will methodically make the case "that climate change is impacting the American way of life and the economy," but will let people make their own judgments about individual severe weather events.

California Democratic Sen. [Kamala Harris](#) said in a brief interview that she was more focused on disaster response to the wildfires ahead of messaging around climate change.

"The first thing I want to see is that we extinguish those fires and get all those firefighters and those families out in a way that they're all going to be safe," she said. "So that's my first priority. [But] we always can do more to highlight the importance of paying attention to climate change."

Harris, who's seen as a potential 2020 presidential candidate, tweeted about wildfires and climate change on Tuesday, after POLITICO reached out to her office about this story.

"Since 2012, there hasn't been a month in California without a wildfire burning. It didn't use to be this way," she wrote. "Now is the time to act on climate change."

Environmental advocates say Democrats are missing their chance to engage on climate change when people are captivated by dramatic weather events.

"The mainstream Democrat party and those candidates aren't talking about this as much as they should be, and they aren't talking about it in a compelling way," said Jamie Henn, strategy and communications director at the climate advocacy group 350.org.

Henn said politicians "need to do a better job of clarifying what a climate progressive really is," to "fire people up."

"We're getting lost in this morass of old-school 2008 talking points, and it doesn't get us anywhere," Henn said.

Geeta Persad, a California-based climate scientist with the Union of Concerned Scientists, said Californians understand the link between climate change and more dangerous wildfires, and the Sacramento Bee editorial board last week called the fires "climate change, for real and in real time."

Despite that, California hasn't necessarily started to incorporate what it knows about worsening wildfires into management planning, Persad said.

Andrew Lakoff, an associate professor of sociology who focuses on the politics of disaster response at the University of Southern California, said wildfires are handled mainly by the emergency management sector, which "tend[s] not to think about long-term, slow transformations."

"People whose job it is to focus on wildfires, they don't have any tools to deal with climate change," Lakoff said. "Even if somebody who was a wildfire official was to say it's obvious these have gotten worse over the years, it must be linked to climate change, they just don't have any way to address that directly."

That problem will persist as long as the federal government ignores climate change, advocates say, a situation that Democrats have had little success in overcoming.

"We have tried to make that case," Sen. Ben Cardin (D-Md.) said. "But we're doing it in a way to deal with a climate change agenda where we know it's unlikely we can advance the leadership in the White House the way we would like to see it, or in Congress the way we'd like to see it."

To view online [click here](#).

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Wheeler open to 50-state car standard, but emphasizes safety concerns [Back](#)

By Alex Guillén | 08/01/2018 11:18 AM EDT

Acting EPA Administrator Andrew Wheeler said today he would be interested in striking a deal on fuel economy and emissions rules with California and the auto industry, but that federal concerns about traffic safety must be addressed.

"My goal in this administration is to come up with a 50-state solution. We want to have a 50-state solution that does not necessitate preempting California," Wheeler told the Senate Environment and Public Works Committee after Sen. [Tom Carper](#) (D-Del.) asked if he would avoid revoking California's regulatory waiver if a deal could be struck.

Leaked drafts of the rule indicate EPA will revoke California's waiver enabling it to enforce higher standards because the National Highway Traffic Safety Administration plans to issue lower fuel economy standards.

But, Wheeler said today, "there's a number of goals in the proposal and there's important goals on highway safety. So we'd have to make sure that those are met. The proposal will save 1,000 lives per year, which I think it's very important that we maintain that in any final regulation that goes forward."

The draft proposal argues that companies design smaller, lighter cars to meet tighter standards, and that such cars are more dangerous to passengers than larger, less fuel efficient vehicles.

WHAT'S NEXT: The joint EPA-NHTSA proposal is expected to be released later this week, potentially as early as Thursday morning.

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Interior watchdog opens probe of land deal linking Zinke, Halliburton chairman [Back](#)

By Ben Lefebvre | 07/18/2018 05:30 PM EDT

The Interior Department's internal watchdog has launched a full investigation into a real estate deal involving a foundation established by Ryan Zinke and developers including Halliburton Chairman David Lesar, which was [first reported by POLITICO](#) last month, according to a letter the office sent to House Democrats on Wednesday.

The inspector general's probe will focus on whether Zinke violated conflict of interest laws, the latest official inquiry of Zinke's activities in his 16 months helming the department.

"You expressed special concern about the reported funding by a top executive at Halliburton and assuring decisions that affect the nation's welfare are not compromised by individual self enrichment," Deputy Inspector General Mary Kendall wrote to Rep. [Raúl Grijalva](#) (D-Ariz.), ranking member of the House Natural Resources Committee, and other Democrats. "My office opened an investigation into this matter on July 16."

Zinke's role at Interior places him as one of the chief regulators overseeing oil and gas drilling activities, including those performed by Halliburton, one of the world's largest fracking and offshore drilling services companies. Zinke late last month defended his involvement with Lesar, while [confirming](#) he [met](#) him and other developers at Interior Department headquarters in August. Zinke said he had resigned from the Great Northern

Veterans Peace Park Foundation, which he established a decade ago to build a park in his hometown of Whitefish, Mont., but briefed the developers on the foundation's background and the land it controls.

In September, the secretary's wife, Lola Zinke, signed an agreement allowing developers, including Lesar, to build a parking lot there to benefit a major redevelopment project that could raise the land value of Zinke's nearby properties. Project developers also suggested Zinke could wind up running a microbrewery on the redevelopment site, the Whitefish city planner has told POLITICO.

House Democrats say Zinke's meeting with Lesar and the foundation's role in the real estate deal raises the question of whether Zinke used his office for personal gain.

"Secretary Zinke doesn't seem to take his responsibility to the public seriously," Grijalva told POLITICO in a statement. "He's turned it into the Ryan Zinke show, which is more about waving his own flag above the building and doing personal business deals with his friends instead of protecting public lands and improving our environmental quality. This formal investigation is one of many he's managed to pile up in his short and undistinguished tenure, and I join my Democratic colleagues in seeking the transparency and accountability that Republicans have so far not provided."

The arrangement suggests that the Halliburton chairman would be building a long-sought business for the Interior secretary, ethics experts say, a relationship that is fraught with conflicts of interest.

Critics say it is inappropriate for Zinke or his family to be involved in any outside deals with the Halliburton chairman because of the sway he holds over the company's business.

"There is no company that benefits more from Secretary Zinke's attack on fracking standards than Halliburton, and there is no company that has been more successful over the years in getting politicians — from Vice President Dick Cheney to Secretary Zinke — to weaken government oversight of their fracking operations," said Matt Lee-Ashley, a senior fellow at the Center for American Progress who worked as deputy chief of staff at Interior during the Obama administration.

Following POLITICO's reporting on the agreement, House Democrats asked for an investigation into potential conflicts of interest stemming from the deal linking the secretary's family with the chairman of one of the biggest companies he is responsible for regulating. It may take several months for investigators to complete their work and issue a report on their findings.

The foundation's land remains little changed from when it was first donated by BNSF Railway starting in 2008, leading some locals to question Zinke's plan for the park. Zinke in the past had promised local officials that the foundation would use the land to build a park honoring veterans and for possible summer concerts. But the land remains mostly undeveloped, and a large retaining pond dominates the site.

Government watchdogs have completed several investigations into Zinke and others are ongoing, such as an IG review of lobbying over an unorthodox tribal gaming decision.

The IG's office reviewed Zinke's use of chartered flights and found that while the department did not violate any laws, ethics officials were prevented from conducting a thorough review of one trip because Zinke did not disclose the role a major donor played in his plans. The Office of Special Counsel has separately concluded that Zinke's speech to the donor's hockey team and participation in fundraisers in the Virgin Islands and elsewhere did not violate the Hatch Act.

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Interior IG to scrutinize Zinke's beer-making plans [Back](#)

By Ben Lefebvre | 08/02/2018 05:06 AM EDT

WHITEFISH, Mont. — Interior Secretary Ryan Zinke made no secret of his dream of opening a microbrewery in his hometown of Whitefish.

Now, the department's inspector general will be asking if he colluded to have the chairman of Halliburton, one of the leading companies with business before the department, build him one.

In Whitefish, brewers and city officials told POLITICO that Zinke has long sought to build a microbrewery of his own, a project that over six years led him to submit plans to the City Council, discuss the move with other business leaders and personally join in a review process to change local zoning laws to make them more hospitable to such a business.

Meanwhile, a planned development in Whitefish backed by David Lesar, the chairman of Halliburton — the nation's largest oil services company, which would be one of the biggest winners in the Interior Department's drive to roll back regulations — includes plans for just such a microbrewery.

The Interior Department IG's office announced in late July that it is investigating Zinke's dealings with Lesar, a purview that ethics specialists say will include questions about the brewery. Ethics rules bar officials from using their official contacts to set up "nests" for their post-government lives, and the microbrewery was a focus of both the ethics watchdogs and the House Democrats who requested the investigation after POLITICO first reported on Zinke's links to Lesar.

Moreover, there is evidence that the microbrewery in the plans for the Lesar-backed development is the same as the one Zinke has planned since at least 2012.

The Whitefish city planner told POLITICO earlier this year that the developers of the Lesar-backed project told him the microbrewery was intended for Zinke. A plan for the development submitted to the city by Zinke's wife, Lola — who agreed to use land controlled by a Zinke-created foundation to build a parking lot for the development — included a hand-drawn separation of land for the proposed brewery project.

But Zinke, in his first statement addressing the brewery issue, said: "Neither myself or my wife were involved in the city's approval of the development that included among other facilities, a microbrewery on the developer's property adjacent to the proposed parking lot. Neither my wife or I are involved with the building or operation of any planned microbrewery. Any suggestion to the contrary is absurd."

In a later text, he added: "At this point in my life, I am more interested in sampling hand crafted beers rather than making them."

The project's lead developer, Casey Malmquist, told POLITICO earlier this year that once the project is fully permitted, "Ryan Zinke or anyone else" could make a proposal to operate a brewery.

Nonetheless, POLITICO has reported that before the foundation offered its land for a parking lot, Zinke reviewed plans for the proposed development and met with both Malmquist and Lesar in his Interior Department office, and later joined them for dinner to discuss the development, according to a participant in the meeting. Zinke continues to maintain that he was not involved in the foundation's decision-making.

"My wife signed a letter of intent to work with the developer to share a parking lot located on park property for improved access to the community," he said in his most recent statement. "No formal agreement [has] been even proposed much less negotiated."

While the Zinke-led foundation's offer of the parking lot has raised serious ethical questions, prompting the inspector general's investigation, those who are familiar with the controversy say the IG must also zero in on whether Zinke was involved in discussions about the microbrewery, a potentially flagrant violation of ethical rules.

Rep. Jared Huffman, a California Democrat and member of the House Natural Resources Committee, which oversees the Interior Department, said the brewery adds "another layer to the conflict."

"The relationship between Secretary Zinke and Halliburton Chairman Dave Lesar should set off alarms bells," Huffman added. "The secretary of the Interior and his family stand to personally benefit from a land deal funded by the chairman of Halliburton, a company with literally billions of dollars of business on the line when Secretary Zinke makes decisions about where, and how, oil drilling is permitted in this country. In any normal administration — and if Congress were capable of conducting oversight — this outrageous level of self-dealing and cronyism would be a national scandal."

One example where Interior's decision would impact Halliburton's business is the department's December 2017 rollback of Obama-era rules on hydraulic fracturing. The revision would reduce the costs for companies such as Halliburton to frack a well on public land by an average of nearly \$10,000 per well, according to a department analysis late last year.

Fresh interviews by POLITICO this summer suggest that shortly after that rule went into effect, Montana brewery owners began hearing talk that a new brewery could be included in the Lesar-backed development, and that Zinke could be attached to it.

Both Graham Hart, owner of the Bonsai Brewing Project in Whitefish, and Lindsay Mills, a Whitefish resident and director of marketing and events at Kalispell Brewing Co. in the nearby city of Kalispell, said they heard talk in the brewing world about the microbrewery at the Lesar-backed development and of Zinke being potentially involved in it.

"I think it's the same one, yeah," said Mills, suggesting that the microbrewery in the Lesar-backed development is simply the latest iteration of the brewery that Zinke first proposed in September 2012 on a piece of residential property that he and his wife own beside the former freight yard on which Lesar and Malmquist are planning their project. Zinke, a former Navy SEAL, had named the planned brewery and the company they started that owns the residential property "Double Tap," a SEAL term for two gunshots.

At the time, Zinke was a state senator who earlier that year had lost a primary race to become Montana's lieutenant governor. He asked Whitefish city government to approve a zoning change that would allow him to convert the residential property into a microbrewery.

Montana's independent brewing scene was booming alongside the state's tourism and agriculture businesses. The trend would continue to the present — Montana now has 79 microbreweries, more than double the number from 2012 and second only to Vermont for breweries per capita, according to the Bureau of Labor Statistics.

Zinke and other Montana state senators passed bills to encourage the growth, including one that allowed breweries to increase how many barrels they could produce and sell on their own premises. Zinke himself introduced a bill in the Montana Legislature in 2011 that would have allowed such establishments to stay open until 10 p.m., two hours later than what current law allowed. The bill died in committee.

At least some members of the area's brewing scene assumed after Zinke lost the primary in June that he would focus his attention on converting his residential property to a brewpub, said Hart, the owner of Bonsai Brewing Project and a former neighbor of Zinke's.

"He has the house on that property, it's dilapidated, but he's got this great property," Hart said. "I remember when he tried to do that first one, he was campaigning. It didn't work out, and everyone figured he was just trying to find something to do."

Zinke had been a fixture in the local bar and brewery scene for years, Hart said. Whitefish had one microbrewery as of 2012 — the Great Northern Brewing Co. — but Zinke and others thought the town could fit one more given Whitefish's growing tourism trade.

"I've seen him at breweries all the time," said Hart, who later opened what became the city's second microbrewery. "I know he's super into craft beer."

"I really wanted to be the second microbrewery in Whitefish, and I'm sure he did, too," Hart said.

But Zinke's first efforts failed after the City Council declined to approve the zoning change necessary to turn his residential property into a brewpub. The publicly available version of the Council's review of the project contains sentences finding the brewery would not fit the neighborhood — but those sentences are crossed out and replaced with sentences suggesting the opposite. City officials did not return inquiries on why the edits were made.

Zinke made a second attempt at converting his property into a brewery the following year. At that time, coming off his failed lieutenant governor run, Zinke joined a City Council committee charged with creating a plan to develop a commercial corridor along one of Whitefish's main stretches of road.

Zinke remained on the committee even after winning a congressional seat in 2014. At a May 4, 2015, meeting, he told the panel he "would like to continue his plans for a micro-brewery ... knowing it will be subject to regulations and codes in place; i.e. the Whitefish Noise Ordinance so that they are not a disturbance to neighbors," according to the meeting minutes.

His efforts again failed as he clashed with residents on and off the committee who worried that a brewery on the property would create late-night noise and fill up nearby parking in the residential area, said Whitefish City Council member Frank Sweeney.

"We started the master plan and he used that as a way" to push for his brewery, Sweeney said in an interview. "He began to treat the process and those involved in what I considered a somewhat condescending manner."

The site currently being considered for a brewery is adjacent to land belonging to the Great Northern Veterans Peace Park Foundation, a nonprofit Zinke started in 2007 and ran for a decade before his wife took his place as foundation president last year. The foundation's other directors are Zinke's children and a real estate developer.

The large freight railroad BNSF donated the land to Zinke for use as a park while he was state senator. Though the land is little-used and largely unchanged from the time of its donation, Zinke, in his latest statement, described it as a gift to the community.

"The park provides a safe sledding and skating venue for kids and a community open space at no charge," he wrote in his latest statement. "My family alone grooms the hills, conducts the maintenance and pays for the snow plowing. We have also supported education projects when we can afford to. A great story of giving back to a community I love."

Ethics specialists say the foundation's offer to provide a parking lot for the Lesar-backed development could stand to benefit the Zinkes even if there is no established link between the couple and the proposed microbrewery. That's because the development would increase the value of the abutting property the couple owns, two parcels of land that include the rejected site of their initial proposal for a microbrewery. Across the street from those sites is a house that the couple converted into a bed-and-breakfast called the Snow Frog Inn.

The Zinkes own the bed-and-breakfast through another limited liability corporation called Continental Divide LLC. They started an earlier version of that corporation — Continental Divide Inns LLC — in 2005, when Ryan and Lola Zinke joined with Dr. Joel Bernstein, a family friend from California, according to the firm's articles of incorporation.

Bernstein would be found guilty in 2013 of defrauding Medicare for four years leading to mid-2011. There was no evidence that Zinke or Continental Divide had any part in the fraud, Melanie Pierson, the Justice Department lawyer who prosecuted the case, told POLITICO. In 2013, Zinke filed paperwork disassociating Bernstein from the firm. Bernstein died in 2014.

Now, the Zinkes control the properties through the Continental Divide and Double Tap LLCs. Lola Zinke also controls the foundation overseeing the peace park. Together, the properties frame the Lesar-backed development.

The inspector general's investigation is widely expected to cover all aspects of the dealings between the Zinkes and the Lesar-backed development, though Nancy DiPaolo, the IG's director of external affairs, said the office does not comment on ongoing investigations.

In Whitefish, the notion that the planned microbrewery next to the Zinkes' park and land could be the outcome of Zinke's yearslong efforts to develop a business presence in the town has been talked about for months among local brewers, said Mills, the director of marketing and events at Kalispell Brewing Co.

While there was debate as to whether Whitefish — a town of 6,000 full-time residents — could accommodate a third microbrewery, Mills said, Zinke would be welcome to try.

"Whitefish gets a crazy amounts of visitors," Mills said. "Whoever Zinke decides to partner with, there's always room for more."

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Trump's energy policy lifts from Icahn, Heritage [Back](#)

By Eric Wolff | 09/15/2016 05:56 PM EDT

If Donald Trump's new attack on the Obama administration's ethanol program on Thursday sounded familiar, that's because it was: Carl Icahn, the billionaire investor Trump has said he'd nominate as Treasury Secretary, said it first.

Trump's campaign, which has [taken heat](#) for copying proposals rather developing its own policies, posted an online summary of his economic plan today as he touted it as "what our new future will look like" — but unexpectedly pulled it down just a few hours later. That "fact sheet," a [copy](#) of which POLITICO saved before

its removal, offered a rare, detailed energy policy criticism, warning that EPA's biofuel credits program "will give Big Oil an oligopoly" while hurting smaller refineries. And it was the exact same argument made by Icahn in a letter to EPA last month that also slammed the program as an "oligopoly" in the making.

Icahn is himself the owner of a refiner that's saddled with \$200 million in annual costs by the EPA credits program, so getting it changed is a high priority for the billionaire — and which his friend Trump embraced wholesale on Thursday.

Icahn told POLITICO that he had no influence on the ethanol credits language in Trump's economic agenda, but that he had sent Trump his EPA letter as "a friend" and had called the Republican nominee "to congratulate him" for embracing the idea.

Trump "should make it clear" that he isn't against the federal ethanol mandate, merely against the credits program that has hurt smaller refiners, Icahn said. "Obviously he's against Big Oil, and I agree with him completely."

The now-deleted Trump fact sheet also borrowed several passages almost verbatim from the conservative Heritage Foundation think tank for its section on killing President Barack Obama's environmental regulations. The campaign did not return a request for comment on why the document was pulled from public view after Trump's economic rollout speech in New York, but it posted a new version later Thursday that eliminated Icahn's ethanol plan and the borrowed passages.

Trump's uncharacteristically wonky criticism of the ethanol credits program almost immediately intensified a long-running fight within the oil industry between smaller refiners such as Icahn's CVR, which are pushing to move the burden of compliance with the federal biofuels mandate elsewhere, and bigger oil companies that want to see the entire mandate reformed or ended.

Trump has backed the ethanol mandate throughout his campaign and reiterated that stance in Iowa this week. But Trump's Thursday embrace of the Icahn stance on biofuel credits left the ethanol industry split on whether he'd shifted.

"This seems to be inconsistent with Mr. Trump's previous statements expressing a firm commitment to a strong renewable fuel standard," Emily Skor, CEO of the ethanol producers' group Growth Energy, said in a statement.

Brooke Coleman, executive director of the Advanced Biofuels Business Council, described the ethanol credits as "the muscle behind the program," agreeing that the now-defunct fact sheet is "inconsistent with Trump's previous position."

"They have a choice to make. Are they pro-[biofuels mandate] or aren't they?" he said.

But Bob Dinneen, CEO of the Renewable Fuels Association, dismissed the notion that Trump had shifted on the mandate. "This shouldn't be interpreted as a reversal of support," he said in a statement.

Within the oil industry, opponents of the Icahn-backed proposal bristled Thursday at the Trump campaign's portrayal of the debate as "Big Oil" versus the smaller refiners, which the EPA was "bankrupting." But those industry players who agree with Icahn on moving the burden of the credits program from refiners to fuel marketers cheered Trump for weighing in, even as they disagree with his continued support of the broader ethanol mandate.

"Trump is a pro-biofuels candidate by any standard," said one industry source who supports the Icahn-backed change. "He still sees that common sense would dictate" the EPA program has to be overhauled.

Icahn's office did not return a request for comment on the inclusion of his proposed ethanol change in the Trump economic plan. The 80-year-old activist investor has declined interest in the Treasury Secretary job that Trump has often said he would offer him.

The Trump policy fact sheet also appeared to lift wholesale from the Heritage Foundation in describing the Obama environmental rules that the GOP nominee would roll back.

A paragraph from Trump's plan disparaging EPA's new ozone standard was lifted almost verbatim from a May paper by The Heritage Foundation on costly Obama regulations, with only slight modifications to simplify the language.

"The new ozone standard will push hundreds of communities out of compliance, and force states to devise plans to limit industrial activity and transportation projects, as well as replace existing emissions control equipment with more advanced (and costly) emissions equipment," said Trump's plan.

Heritage's version: "The new ozone standard of 70 ppb will push hundreds of communities out of compliance, and force states to devise plans to limit industrial activity and transportation projects, as well as replace existing emissions control equipment with more advanced (and costly) systems."

The Trump campaign also closely mimicked language about the costs of the rule, including a bit about how costs are calculated separately for smog-plagued California than the rest of the nation.

In addition, the campaign also lifted language about EPA emissions rules for power plants from Heritage's paper.

The emissions rules "will impose \$7.2 billion in annual costs, according to the agency itself — and far more according to private sector critics," Trump's plan noted.

Heritage wrote earlier this year that the rule has "\$7.2 billion in annual costs, according to the agency (and far more according to critics)."

The campaign's description of EPA's Waters of the U.S. rule also appears to be taken from The Daily Signal, a Heritage-owned news site.

The rule "covers virtually all waters in the nation whether navigable or not and, by extension, much of the land use, from ponds on farms to storm run-off from home building sites," the Trump camp wrote.

A June Daily Signal post on environmental regulations describes WOTUS as "a reinterpretation of the act that would cover virtually all waters in the nation and, by extension, much of the land."

Alex Guillén contributed to this report.

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Trump keeps ozone rule despite campaign promise [Back](#)

By Alex Guillén | 08/01/2018 06:07 PM EDT

President Donald Trump promised during the 2016 campaign to repeal the Obama administration's 2015 ozone standard, echoing the complaints from the business sector that the rule would cost companies billions of dollars.

But after reviewing it for a year and a half, EPA on Wednesday decided instead to keep the standard intact.

The decision puts EPA in the awkward position of defending the Obama rule in a lawsuit that had been originally brought by former chief Scott Pruitt in his prior role as Oklahoma's attorney general and Murray Energy, the coal company that acting Administrator Andrew Wheeler lobbied for before joining EPA. (Wheeler and his former firm were not involved with Murray's lawsuit, and Wheeler did not report lobbying EPA on the issue for Murray.)

"The Agency at this time does not intend to revisit the 2015 Rule," EPA wrote in a court filing on Wednesday.

Though that court filing questions what role natural background levels of ozone play in setting the national standard, the agency said the laborious process of revoking the Obama rule was too onerous and the uncertainty to businesses would be too great. Instead, it would focus on the upcoming 2020 review, when it must decide whether to tighten, maintain, or potentially even loosen the standard.

The decision is a victory for environmental and public health advocates, who will now proceed with their legal challenge that contends the 2015 standard was too lax.

"We're glad to have our chance to argue that the standard is not as protective as it's legally required to be," said Seth Johnson, an Earthjustice attorney involved in the case. "We had wanted the chance to do that in April 2017 and we're glad to get the chance to do it now."

The resumption of the lawsuits will put EPA in a crossfire between the greens and the challengers from industry groups and red states who argue the standard was too strict. Both sides will seek to undercut each other, aligning with EPA against their opponents even as they seek to sway the courts to their arguments.

Paul Billings, senior vice president of advocacy for the American Lung Association, saw EPA's decision as not much of a win because the agency has otherwise dragged its feet on implementation.

"Here we are almost three years in, and we're still behind on implementation," he said. "So I don't think it's a victory, I think it's just the next step."

Ross Eisenberg, vice president of energy and resources policy at the National Association of Manufacturers, said companies will make their case to EPA in other ways.

"Manufacturers in nonattainment areas for the 2015 standard still need flexibility to comply with the rule," he said in an email. "There are different ways to provide this flexibility. However EPA decides to provide it, we will welcome it."

The ozone rule is not the only Obama-era rule the Trump EPA has defended, but it is by far the most controversial and highest profile.

Ground-level ozone, also known as smog, is formed by the mixing of pollutants emitted by power plants, cars, refineries, factories and other sources. At high levels, it causes or worsens respiratory illnesses, including asthma, bronchitis and emphysema. The 2015 rule lowered the ozone limit from 75 parts per billion, a level set in 2008, to 70 ppb, the upper limit of a range suggested by EPA's advisory panel.

Former administrator Pruitt, who departed the agency last month, arrived at EPA last year ready to roll it back, along with a litany of other Obama-era rules, but he struggled to with his initial efforts to delay key implementation deadlines.

Pruitt last summer announced he would wait an extra year to designate which parts of the U.S. had failed to meet the pollution standard. Environmentalists and Democratic attorneys general sued, arguing that while he had authority to delay some decisions if there were data deficiencies, Pruitt could not issue a blanket delay for the entire U.S.

Pruitt quickly reversed his decision, but when the Oct. 1, 2017, deadline came around, EPA remained silent about the designations, triggering a new round of lawsuits. A federal judge ruled that Pruitt had whiffed, and ordered him to issue the designations, which EPA just wrapped up in July.

In addition, Pruitt in May issued a memo that committed EPA to finishing the next ozone review within the Clean Air Act's five-year timeframe, by October 2020.

The five-year deadlines have posed a challenge for EPA under every administration, and Pruitt's emphasis on finishing the next round on time — and before the next election — had triggered speculation in recent months that the Trump administration was preparing to stick with the 2015 rule.

EPA also has significant legal considerations. Because of capacious language in the Clean Air Act, NAAQS standards like the ozone rule can be difficult to challenge in court.

The Supreme Court in 2001 ruled that EPA is barred from considering compliance costs when setting the standards, allowing EPA to focus on health effects alone.

And in 2014 Brett Kavanaugh, the District of Columbia Circuit judge nominated by Trump to the Supreme Court and a frequent critic of EPA overreach, upheld a tightened Obama-era soot standard because the Clean Air Act "gives EPA substantial discretion" in setting such standards.

Now that EPA has decided to defend the Obama-era rule, the legal challenges to the ozone rule could recommence relatively quickly.

The matter had been fully briefed last spring when the oral arguments were delayed, and the parties have suggested in recent filings that the arguments could simply be rescheduled for this fall, potentially as early as September or October. EPA said it will consult with the other parties and propose a new schedule by Aug. 22.

The case likely would end up before the same panel of judges slated to hear it last year: Thomas Griffith, a George W. Bush appointee, and Cornelia Pillard and Robert Wilkins, both Obama appointees.

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EPA ozone designations hand win to Foxconn [Back](#)

By Annie Snider | 05/01/2018 03:51 PM EDT

EPA says the Wisconsin county where a major new Foxconn Technology Group manufacturing plant is planned has met tough new ozone standards, a reversal from its own earlier recommendation and a major win for the company.

Racine County, where Foxconn plans to begin construction on a \$10 billion flat-screen plant within weeks, was not among the 51 areas in the U.S. that the agency today said failed to meet the 2015 ozone standard of 70 parts per billion. Areas in nonattainment face additional requirements to reduce pollution from sources like cars, power plants and industrial sites — requirements that could have added major expenses for the technology firm, which was wooed to Wisconsin by President Donald Trump, House Speaker [Paul Ryan](#) and Gov. Scott Walker with a \$4 billion incentive package and promises of environmental exemptions.

In December, EPA [said](#) it planned to find several counties in Wisconsin, including Racine, in violation of the ozone requirements, but Walker asked EPA to reverse or revise its finding, [according](#) to [the Milwaukee Journal Sentinel](#). EPA's Region 5 Administrator Cathy Stepp, who previously ran Wisconsin's Department of Natural Resources, was recused from working on the issue, according to an [ethics agreement](#).

EPA did not immediately reply to a request for comment.

The decision is a partial win for Walker, who had wanted his entire state designated as in attainment. While EPA classified Racine and two other nearby counties as in attainment, it deemed parts of other counties as being in nonattainment.

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Senate clears massive minibus package with Interior-EPA funding [Back](#)

By Anthony Adragna | 08/01/2018 01:30 PM EDT

The Senate today cleared a massive four-title minibus spending package, [H.R. 6147 \(115\)](#), that includes a \$35.8 billion Interior and Environment title, clearing the way for the chamber and the House to begin working through major differences in their bills.

The vote was 92-6.

The legislation contains funding for Interior, EPA, the Forest Service and the Bureau of Indian Affairs, among others, without significant environmental policy riders. It's a sharp contrast from the House, which [attached](#) policy riders targeting numerous high-profile regulations in its version of the Interior and EPA spending package.

WHAT'S NEXT: The fiscal year expires at the end of September.

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Pipeline regulator considers gutting pipeline replacement rule [Back](#)

By Ben Lefebvre | 08/01/2018 04:17 PM EDT

The federal pipeline regulator is considering scrapping a safety rule requiring energy companies to replace old pipelines in newly populated areas, a change that critics and even the regulator says could raise the risks of ruptures.

The potential rollback of the rule by the Pipeline and Hazardous Materials Safety Administration — which the agency said this week was in line with President Donald Trump's executive order to cut regulatory costs and eliminate two rules for every new one created — is backed by pipeline operators. It would eliminate a decades-old regulation known as the "class location system" that requires companies to replace stretches of natural gas pipelines running below areas that experienced population density growth after the line was installed.

The move comes amid concerns about natural gas pipeline accidents, including the 2010 blast that killed eight people in San Bruno, Calif. Last month, a natural gas pipeline explosion killed a firefighter and injured a dozen other people in Wisconsin, and another pipeline ruptured and exploded in rural West Virginia.

The current PHMSA rule divides population areas into four classes, ranging from sparsely populated "Class 1" rural areas to high-density "Class 4" urban regions, and companies are required to install new pipelines when population growth bumps an area up by two classes. Pipeline operators have argued that advances in technology enable them to monitor pipeline safety better than when the original rule came out, and getting rid of the rule would eliminate the cost of swapping out old line for new, thicker steel.

PHMSA regulators themselves expressed reservations about the possible change in the Federal Register notice announcing it was seeking comment for a rule change. The public comment period will end in late September.

"Over the past decade, PHMSA observed problems with pipe and fitting manufacturing quality, including low-strength material; construction practices; welding; field coating practices; [integrity management] assessments and reassessment practices; and record documentation practices," the agency says in the Federal Register notice. "These issues give PHMSA pause in considering approaches allowing a two-class bump (Class 1 to 3 or Class 2 to 4) without requiring pipe replacement, especially for higher-pressure transmission pipelines."

Rebecca Craven, program director at watchdog group Pipeline Safety Trust, said the group was pleased that PHMSA expressed some skepticism about the rule change proposal, and that there have been too many cases of failed pipeline early warning systems to warrant relying solely on technology.

"The Pipeline Safety Trust remains concerned that the system-wide protections provided by the class location system be maintained at least until the industry can show a track record of substantially lower incident rates in areas under their integrity management plans," Craven said. "It's critical that operators do a better job of preventing corrosion if they intend to leave thinner walled pipe in the ground in areas where the population is growing."

A representative of trade association Interstate Natural Gas Association of America was not immediately available to comment. But the association cheered the proposed rule change earlier this week as a cost-saving measure that could allow them to invest more in new inspection technology.

"INGAA urges PHMSA to work expeditiously on this important update to the class location change regulations so that homes and businesses near natural gas pipelines can benefit from modern pipeline safety technologies and the natural gas these pipelines deliver," INGAA Chief Executive Don Santa said in a press release earlier this week.

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Sources: EPA blocks warnings on cancer-causing chemical [Back](#)

By Annie Snider | 07/06/2018 05:02 AM EDT

The Trump administration is suppressing an EPA report that warns that most Americans inhale enough formaldehyde vapor in the course of daily life to put them at risk of developing leukemia and other ailments, a current and a former agency official told POLITICO.

The warnings are contained in a draft health assessment EPA scientists completed just before Donald Trump became president, according to the officials. They said top advisers to departing Administrator Scott Pruitt are delaying its release as part of a larger campaign to undermine the agency's independent research into the health risks of toxic chemicals.

Andrew Wheeler, the No. 2 official at EPA who takes over for Pruitt on Monday, also has a history with the chemical. He was staff director for the Senate Environment and Public Works Committee in 2004, when his boss, then-Chairman [Jim Inhofe](#) (R-Okla.), [sought](#) to delay an earlier iteration of the formaldehyde assessment.

Formaldehyde is one of the most commonly used chemicals in the country. Americans are exposed to it through wood composites in cabinets and furniture, as well as air pollution from major refineries. The new assessment would give greater weight to warnings about the chemical's risks and could lead to stricter regulations from EPA or class-action lawsuits targeting its manufacturers, as frequently occurs after these types of studies are released.

"They're stonewalling every step of the way," the current official said, accusing political appointees of interfering with the formaldehyde assessment and other reports on toxic chemicals produced by EPA's Integrated Risk Information System. Industry has long faulted the IRIS program, the agency's only independent scientific division evaluating the health risks of toxic chemicals, whose assessments often form the basis for federal and state regulations.

The current official and former official requested anonymity out of fear for their jobs and the impact that speaking out could have on the IRIS program.

Interfering with the formaldehyde study is one of several steps Trump's EPA has taken to side with the businesses the agency is supposed to regulate and undermine the agency's approach to science, critics say. Public health advocates also expressed alarm after Pruitt [replaced](#) academic scientists with industry advocates on the agency's influential science advisory boards and [sought to limit](#) the types of human health research EPA can rely on in rulemakings.

The officials said Trump appointees have required that career officials receive their permission before beginning the required internal review of the formaldehyde study and have canceled key briefings that would have advanced it. That interference came after EPA career scientists revised the study once already last year to insulate it from political controversy, they said.

In a statement, EPA denied that the assessment was being held back.

"EPA continues to discuss this assessment with our Agency program partners and have no further updates to provide at this time," EPA spokeswoman Kelsi Daniell said. "Assessments of this type are often the result of needs for particular rulemakings and undergo an extensive intra-agency and interagency process."

But as far back as January, Pruitt told a Senate panel that he believed the draft assessment was complete.

Five months later, it has yet to see the light of day. Meanwhile, internal documents show, a trade group representing businesses that could face new regulations and lawsuits if the study were released had frequent access to top EPA officials and pressed them to either keep it under wraps or change its findings.

"As stated in our meeting, a premature release of a draft assessment ... will cause irreparable harm to the companies represented by the Panel and to the many companies and jobs that depend on the broad use of the chemical," Kimberly Wise White, who leads the American Chemistry Council's Formaldehyde Panel, wrote in a Jan. 26 letter to top officials at EPA. The panel represents companies including the Koch Industries subsidiary Georgia-Pacific Chemicals LLC that could face higher costs from stricter regulations or lawsuits.

Nearly a million jobs "depend on the use of formaldehyde," White's letter argued.

The holdup is attracting attention on Capitol Hill, where Democrats have already expressed alarm, arguing that the Trump administration has allowed politics to interfere in EPA's scientific assessments of threats such as toxic pollution and climate change.

The agency must "move past politics and focus on its job of protecting human health" by releasing the formaldehyde study, Sen. Ed Markey (D-Mass.) said in a statement to POLITICO.

"Because formaldehyde can be found in everything from wood products to women's hair straighteners, the public health risks are substantial," Markey said. "Delaying the EPA's latest assessment of the health risks of formaldehyde only further endangers the health of Americans."

Public health advocates have similarly expressed fears that the Trump administration has allowed EPA to be captured by the industries it regulates. The revelations about the formaldehyde study come after Pruitt removed academic scientists from the agency's influential science advisory boards and in many cases replaced them with industry advocates, and after he proposed a policy to limit the agency's use of human health data while offering a carve-out for confidential industry studies.

"At every corner, you see the agency trying to either minimize the role of science or manipulate the role of science or just ignore the work of scientists in doing the critical work to ensure that human health and the environment is protected," said Jennifer McPartland, a senior scientist with the Environmental Defense Fund's health program.

POLITICO also reported in May that Trump administration officials, including EPA chief of staff Ryan Jackson, sought to delay an HHS study finding that nonstick chemicals pose health dangers at a lower level than EPA has said is safe.

Insiders anticipate few major policy changes under Wheeler, who is widely expected to continue Pruitt's deregulatory agenda and is well-versed in chemicals issues. He began his career in EPA's chemical safety office, and after leaving Inhofe's staff lobbied for several chemicals companies, including Celanese Corp., a major formaldehyde manufacturer and ICOR International, a refrigerants manufacturer that was recently acquired by Chemours Co., a DuPont spin-off. A Celanese spokesman said Wheeler worked only on the Renewable Fuels Standard for the company, although Wheeler's disclosure forms describe his lobbying as being on the broad topic of "chemicals issues." Wheeler is not barred from working on chemicals issues under the recusal statement he signed in May.

Decades' worth of research has linked formaldehyde to nose and throat cancer and respiratory problems, and newer research has suggested the connection to leukemia — controversial conclusions that would gain significant credence if EPA formally adopts them. The new assessment affirms those links to leukemia, nose and throat cancer and other ailments, according to the current and former officials familiar with its findings.

The new assessment could lead EPA to impose stricter regulations of chemicals refineries or wood products and could spur class-action lawsuits from cancer patients attempting to hold companies responsible for their illnesses.

The agency officials said the political aides blocking the assessment include Jackson and Richard Yamada, a former staffer for House Science Chairman Lamar Smith (R-Texas) who is now a top official in EPA's Office of Research and Development. And they said Nancy Beck, who criticized the IRIS program in her previous job as a top chemical industry expert, is now helping to stymie the program's assessments in her new post as head of EPA's chemical safety office. Jackson, Yamada and Beck did not respond to requests for comment.

The EPA spokeswoman disputed the accusations and said Yamada and Jackson have in fact requested briefings on the assessment.

The current EPA official told POLITICO that political appointees have managed to avoid creating written evidence of their interference with the formaldehyde assessment by refusing to send emails or create other records that could eventually become public, instead using what the official described as "a children's game of telephone."

By blocking the report at the first step of the IRIS review process, political appointees are keeping it from being reviewed by the National Academies of Sciences, an independent panel of the country's top scientists that must weigh in on all such risk assessments. EPA has already paid the academies \$500,000 for that review, the highest level of scrutiny a scientific study can receive, but the work cannot start until Pruitt's aides send the study.

"If the administration was really keen on protecting public health, why wouldn't they send this to the National Academy and give it a really good review?" the former EPA official asked. "If it survives that review, then there's a public health problem that needs to be dealt with, and if it doesn't survive the review, then they can point the finger at IRIS and say, 'You're dead.'"

The former official said there would be only one reason not to ask the country's top experts whether they agree with the analysis: "You don't want the answer."

Public health advocates say the administration's attacks on science have had especially significant implications for the IRIS program. The small office of about 35 experts pores through the huge body of existing research on chemicals, including industry-backed studies aimed at proving the substances safe, to independently assess their risks. While purely scientific, the program's reviews are looked to by regulators not just at EPA, but also in the states and around the world, often paving the way for new or more stringent regulations.

But industry has long targeted the program, arguing it uses an opaque process to decide which studies to rely on and which research to give credence to when findings conflict.

The American Chemistry Council, Beck's former employer, spent more than \$7 million last year lobbying EPA and Congress on issues including IRIS, formaldehyde and the policy to limit EPA's use of human health research. Chemicals manufacturers, including Hexion Inc., one of the country's largest manufacturers of formaldehyde, have also spent tens of thousands of dollars on lobbying related to the program this year.

A National Academies panel agreed with some of industry's criticisms of the IRIS program in a blistering review of an earlier iteration of the formaldehyde assessment that recommended major changes to how IRIS

decides how much weight to give conflicting studies, although it did not attack the substance of its findings about the health effects of formaldehyde. Critics of the IRIS program have pointed to that review frequently as they have sought to kill it, including in an appropriations battle this spring. The EPA spokeswoman also pointed to that assessment in her statement. "The National Academy of Science and Congress in legislative reports have for years been highly critical of EPA's previous assessments involving formaldehyde," she said.

But EPA has overhauled the program since then, hiring a new director for IRIS and a new head of the National Center for Environmental Assessment, in which it is housed. The changes have received high marks from the National Academies in two more recent reviews, one in 2014 and one this past April. The latest formaldehyde assessment is expected to demonstrate further progress implementing the academies' recommendations, potentially undermining industry critiques of the overall IRIS program if it were to be released.

Although efforts to kill EPA's independent scientific arbiter have so far failed, EPA officials and public health advocates say the program has been significantly hobbled under an administration with close ties to the chemicals industry.

White, the top staffer for the American Chemistry Council's Formaldehyde Panel, wrote EPA three times between September 2017 and January 2018, urging the agency to incorporate industry-funded research that found no link between formaldehyde and leukemia, and arguing that the studies shifted the scientific consensus away from the conclusion that it does. In November, Pruitt appointed her to the agency's influential Science Advisory Board.

Less than a week after the council's Jan. 24 meeting with EPA, Pruitt himself confirmed that the report had been complete for months. During a Senate hearing at the end of January, Markey asked Pruitt for an update on the formaldehyde assessment, saying it was his understanding "that the EPA has finalized its conclusion that formaldehyde causes leukemia and other cancers and that [the] completed new assessment is ready to be released for public review, but is being held up."

"You know, my understanding is similar to yours," Pruitt replied, promising to follow up.

Markey reminded Pruitt of the exchange in a May 17 letter. In a response Thursday, the agency's principal deputy assistant administrator for science, Jennifer Orme-Zavaleta, said EPA "continues to discuss the formaldehyde assessment internally and has no further updates to provide at this time."

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